



## Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

### DIVERGENT TRENDS SLOW IMPROVEMENT IN CONSUMER SENTIMENT

- \*\* In the post-election November 1980 Survey of Consumer Attitudes, the Index of Consumer Sentiment was 76.7, an insignificant improvement above the 75.0 recorded in October, but nearly 10 Index points above the three-month earlier reading of 67.3 in August 1980. Although the rate of improvement has greatly slowed, the November survey represents the sixth consecutive monthly increase, setting a record 25 Index point improvement from the May 1980 low.
- \*\* The pace of improvement has slowed as the result of off-setting shifts in consumer attitudes and expectations. In the November survey, consumer evaluations of current buying conditions grew less favorable, mainly due to heightened concern over rising interest rates. While at the same time, expectations for future improvement in business conditions grew more favorable, due to consumers' optimistic expectations of the incoming Reagan administration.
- \*\* Among families with incomes of \$20,000 or more, the Index was 82.7 in the November 1980 survey, significantly above the 76.3 recorded in October, and 70.9 in August 1980. Sentiment among residents of the Northeast region declined somewhat in November to 71.1 from 75.7 in the October 1980 survey; in contrast, a sharp improvement was recorded among residents of the Western region, recording an Index figure of 81.9 in the November survey, up from 73.1 in October 1980.
- \*\* Expected changes in personal finances and business conditions were more favorable in the November 1980 survey than at any time during the past several years. Among all families, 35 percent expected to be better off financially (up from 21 percent in November 1979), and 40 percent expected business conditions to improve in November 1980 (up from 15 percent in November 1979).
- \*\* Attitudes toward market conditions toward household durables, cars, and houses each declined in the November 1980 survey. Buying conditions for large household durables were viewed as favorable by 50 percent of all families in November, down from 55 percent in October 1980 and 53 percent in November 1979.

\* \* \*

Although the post-election November monthly survey recorded the sixth consecutive improvement in consumer sentiment, it was small and masked divergent trends in attitudes and expectations. The rapid improvement in expected business conditions was due to the hope of an improved economy under the Reagan administration, not on actual improvement, while evaluations of current market conditions have grown less favorable due to tight credit conditions. Given recent increases in interest rates, and the ephemeral nature of the presidential honeymoon, it is likely that consumer sentiment will follow a volatile path during the coming months. The data suggest that consumer sales will improve during the year ahead, but the expansion will be cautious and responsive to changes in credit conditions. At this time, it is not so much a matter of consumer unwillingness to purchase as consumer inability to purchase, especially in terms of credit conditions. The potential tax cut coupled with lowered interest rates in 1981 would greatly strengthen the path of recovery.

### Personal Finances

Consumer evaluations of their personal financial situation were less favorable in November 1980 than one or three months earlier. Among all families, 45 percent felt their financial situation had worsened during the prior year in November 1980, up from 40 percent in October and August 1980. The decline in favorable evaluations reversed much of the improvement recorded since mid-1980, and left personal financial evaluations nearly identical to year earlier levels.

In sharp contrast to the renewed dissatisfaction with their current financial situation, consumers more frequently expected improvement in their financial situation during the year ahead. In November 1980, 35 percent of all families expected an improved financial situation, up from 25 percent in October 1980, and 21 percent in November 1979. In November 1980, twice as many respondents expected to be better off rather than worse off financially (35 versus 17 percent) in the year ahead. This represents a significant improvement from one year earlier, when families more frequently expected to be worse off rather than better off financially (24 versus 21 percent). Personal financial expectations are now more favorable than at any time during the past three years, nearly equaling the 1976 cyclical peak level, when 35 percent expected to be better off financially and 11 percent expected to be worse off financially in the year ahead.

Expected increases in nominal family income remained at high levels in the November 1980 survey. Among all families, 33 percent expected income increases of 10% or more during the next year in November 1980, up from 25 percent in November 1979. Real income expectations were also more favorable in the November 1980 survey than a year earlier. Among all families, 16 percent expected real income increases in November, up from 10 percent in November 1979, while 40 percent expected real income declines in November, down from 49 percent in November 1979.

### Business Conditions

Two-in-three consumers rated business conditions in November 1980 as worse than those of a year earlier. After posting rapid improvement from the mid-1980 low, the November survey signals a sharp slowdown in that rate of improvement. In June 1980, 90 percent of all families reported declines in business conditions. During the next four months, the proportion reporting declines rapidly fell to 64 percent by October, and then rose slightly to 67 percent in November 1980. Respondents more frequently reported that they had not heard of any recent changes in business conditions in the November survey

(47 percent, up from 33 percent in October 1980), and among respondents who had heard of recent changes, these reports were less frequently dominated by unfavorable news.

The outlook for future business conditions continued to grow more favorable in the November 1980 survey. Among all families, 40 percent in November expected business conditions to improve during the year ahead, up from 33 percent in October 1980, and 15 percent in November 1979. Among all families, just 14 percent in November expected business conditions to worsen during the year ahead, down from 18 percent in October 1980, and 36 percent in November 1979. Expected changes in business conditions are now more favorable than at any time during the past three years. When asked why they expected business conditions to improve during the year ahead, fully one-in-three respondents in the November 1980 survey spontaneously mentioned the recent presidential election, and the potential impact of changes in government economic policies.

Good times financially in the economy as a whole in both the near and longer terms were more frequently expected in the November 1980 survey than at any time in the past several years, although an overall favorable outlook is still not the majority viewpoint. Among all families, 39 percent expected good times financially in the economy as a whole during the next 12 months, up from 33 percent in October, and 20 percent in November 1979. Bad times financially during the next 12 months were expected by 45 percent in November 1980, down from 49 percent in October, and 68 percent in November 1979. The last survey to record the majority holding favorable short-term business expectations was conducted in 1972; this is in sharp contrast to the 1950s and 1960s when nearly every survey found the majority of consumers to have favorable short-term business expectations.

Business conditions expected during the next five years grew more favorable in November 1980, with 36 percent of all families expecting good times financially, up from 27 percent in October, and 18 percent in November 1979. The proportion who expected bad times financially in the economy during the next five years fell to 43 percent in November 1980, from 44 percent in October, and 64 percent in November 1979. Although consumers still more frequently expected bad rather than good times financially over the longer term, the recent improvement has been significant, leaving long-term business expectations more favorable than at any time since 1976.

### Impact of Presidential Election

In the November post-election survey, respondents were asked whether and for whom they had voted in the presidential election. As shown in Table 1, about two-thirds of all respondents reported that they had voted, and among those voting, the survey results were nearly identical to the national election results. Respondents who voted for Reagan were much more optimistic than Carter voters. Among Reagan voters, the Index of Consumer Sentiment was 90.7, more than 20 Index points above the 69.1 recorded among Carter voters (see Table 2). Reagan voters were much more optimistic about expected changes in both personal finances and for the economy in general in both the near and longer terms. While only small differences in assessments of their current financial situation or in assessments of the current shape of the economy, Reagan voters were much more likely to rate the performance of government economic policy as poor. Differences in voter preferences among demographic subgroups are shown in Table 3. In general, few large or significant differences were found across the various demographic groups. Reagan voters did have somewhat higher incomes, and were more likely to be male. Only small differences were noted across age subgroups.

Confidence in government economic policy reached its lowest level ever recorded under the Carter administration in the post-election November 1980 survey. Fully 50 percent of all families in November felt the government was doing a poor job with regard to the economic problems of inflation and unemployment, up from 40 percent in October 1980, and 39 percent in November 1979.

Respondents were also asked whether they expected tax cuts during the next year. In the October survey, prior to the election, just 25 percent expected a tax reduction. In the post-election November survey, the proportion who expected a tax reduction nearly doubled, and stood at 46 percent. The much more widespread expectation of a tax reduction was related to more optimistic expectations about business conditions, but not personal finances (see Table 5). Although attitudes toward buying conditions were somewhat more favorable among those who expected a tax reduction, the margin was small and largely insignificant.

### Heightened Concern With Interest Rates

Expected changes in interest rates grew less favorable in the November 1980 survey. When the credit restrictions were announced in March 1980, 71 percent of all consumers expected interest rates to increase during the year ahead, which subsequently fell rapidly to 21 percent in both June and July 1980.

TABLE 1  
THE PRESIDENTIAL VOTE

| <u>Candidate Respondent<br/>Voted for:</u> | <u>November 1980 Survey</u> |               | <u>National<br/>Election Results</u> |
|--------------------------------------------|-----------------------------|---------------|--------------------------------------|
|                                            | <u>All<br/>Respondents</u>  | <u>Voters</u> |                                      |
| Carter                                     | 28%                         | 42%           | 41%                                  |
| Reagan                                     | 34                          | 50            | 51                                   |
| Others                                     | 6                           | 8             | 8                                    |
| Didn't vote                                | 25                          |               |                                      |
| Not ascertained                            | 7                           |               |                                      |
| Total                                      | 100%                        | 100%          | 100%                                 |
| Cases                                      | 694                         |               |                                      |

The questions were: "Now two questions about the election. We often find that a lot of people aren't able to vote because they aren't registered, or they don't have time. How about you--did you vote in the November election?" (IF YES) "Who did you vote for in the presidential election?"

TABLE 2  
RELATIONSHIP BETWEEN PRESIDENTIAL VOTE AND CONSUMER SENTIMENT

|                                                       | <u>Candidate Respondent<br/>Voted for:</u> |               |
|-------------------------------------------------------|--------------------------------------------|---------------|
|                                                       | <u>Carter</u>                              | <u>Reagan</u> |
| Index of Consumer Sentiment                           | 69.1                                       | 90.7          |
| Personal Finances                                     |                                            |               |
| Compared with year earlier                            | 83*                                        | 88            |
| Expected during next year                             | 107                                        | 134           |
| Business Conditions                                   |                                            |               |
| Compared with year earlier                            | 53                                         | 55            |
| Expected during next year                             | 113                                        | 152           |
| Expected next five years                              | 69                                         | 127           |
| Confidence in Government's Current<br>Economic Policy | 75                                         | 35            |

\*Table entries are the proportion giving favorable replies minus the proportion giving unfavorable replies, plus 100.

Table 3

PRESIDENTIAL VOTE PREFERENCES AMONG DEMOGRAPHIC SUBGROUPS

|                       | <u>Candidate Respondent Voted for:</u> |               |               |              |
|-----------------------|----------------------------------------|---------------|---------------|--------------|
|                       | <u>Carter</u>                          | <u>Reagan</u> | <u>Others</u> | <u>Total</u> |
| <u>Family Income</u>  |                                        |               |               |              |
| Less than \$10,000    | 49                                     | 31            | 20            | 100%         |
| \$10,000 - 14,999     | 48                                     | 49            | 3             | 100%         |
| \$15,000 - 19,999     | 44                                     | 52            | 4             | 100%         |
| \$20,000 - 24,999     | 43                                     | 48            | 9             | 100%         |
| \$25,000 - 34,999     | 27                                     | 62            | 11            | 100%         |
| \$35,000 and over     | 39                                     | 58            | 3             | 100%         |
| <u>Age</u>            |                                        |               |               |              |
| 18 - 24               | 36                                     | 54            | 10            | 100%         |
| 25 - 34               | 41                                     | 48            | 11            | 100%         |
| 35 - 44               | 40                                     | 48            | 12            | 100%         |
| 45 - 54               | 47                                     | 51            | 2             | 100%         |
| 55 - 64               | 45                                     | 51            | 4             | 100%         |
| 65 or older           | 40                                     | 49            | 11            | 100%         |
| <u>Education</u>      |                                        |               |               |              |
| Less than high school | 50                                     | 44            | 6             | 100%         |
| High school graduate  | 44                                     | 51            | 8             | 100%         |
| Some college          | 31                                     | 59            | 10            | 100%         |
| College graduate      | 44                                     | 47            | 9             | 100%         |
| <u>Sex</u>            |                                        |               |               |              |
| Male                  | 33                                     | 56            | 11            | 100%         |
| Female                | 48                                     | 45            | 7             | 100%         |

TABLE 4  
EXPECTED TAX REDUCTION

| <u>Expect Tax Reduction?</u> | <u>October<br/>1980</u> | <u>November<br/>1980</u> |
|------------------------------|-------------------------|--------------------------|
| Yes                          | 25%                     | 46%                      |
| No                           | 64                      | 42                       |
| Uncertain; don't know        | 10                      | 11                       |
| Not ascertained              | 1                       | 1                        |
| Total                        | 100%                    | 100%                     |
| Cases                        | 685                     | 694                      |

The question was: "Do you think personal income taxes will actually be reduced or rebated in the next 12 months--I mean, will Congress pass such a law?"

TABLE 5  
IMPACT OF EXPECTATIONS OF TAX CUT ON CONSUMER SENTIMENT

|                             | <u>Whether Respondent Expected<br/>Tax Cut During Next Year</u> |           |
|-----------------------------|-----------------------------------------------------------------|-----------|
|                             | <u>Yes</u>                                                      | <u>No</u> |
| Index of Consumer Sentiment | 81.2                                                            | 73.6      |
| Personal Finances           |                                                                 |           |
| Expected during next year   | 120*                                                            | 119       |
| Business Conditions         |                                                                 |           |
| Expected during next year   | 138                                                             | 113       |
| Expected next five years    | 104                                                             | 83        |
| Market Conditions           |                                                                 |           |
| Household durables          | 118                                                             | 108       |
| Cars                        | 61                                                              | 62        |
| Houses                      | 100                                                             | 95        |

\*Table entries are the proportion giving favorable replies minus the proportion giving unfavorable replies, plus 100.

Between June and November 1980 interest rate expectations reversed direction, with the proportion who expected increases more than doubling: in June 1980, 21 percent of all families expected interest rate increases compared with 54 percent who expected declines, but by November 1980, 51 percent expected increases compared with 22 percent who expected declines.

Price expectations remained in the 8-9% range in the November 1980 survey for the seventh consecutive month. Consumers expected prices to increase on average by 8.7% during the year ahead in November 1980, down from 9.2% in October, and 11.2% in November 1979.

Unemployment was less frequently expected to spread in the November 1980 survey, and for the first time in more than two years, consumers more frequently expected declines (26 percent) than increases (24 percent) in unemployment during the year ahead. The expectation of spreading unemployment has been dramatically reduced since its mid-1980 peak, when 72 percent expected increasing unemployment--a change of almost 50 percentage points during the past six months.

Although both unemployment and price expectations declined in the November survey, the relative emphasis has shifted back toward inflation from unemployment as the more serious economic hardship facing the nation. In November 1980, 57 percent felt inflation was the more serious economic problem, compared with 31 percent who thought unemployment was the more serious problem. Three months ago, in the August 1980 survey, nearly identical proportions (44 percent) thought unemployment and inflation was the more serious economic problem.

#### Buying Conditions

Favorable opinions of buying conditions for houses have declined sharply in recent months. Among all families, 28 percent rated buying conditions for houses as favorable in the November 1980 survey, down from 36 percent in October, and 44 percent in August 1980. The proportion holding unfavorable house buying attitudes increased to 67 percent in the November 1980 survey, up from 59 percent in October, and 50 percent in August. The sharp increase in unfavorable house buying attitudes can be attributed to widespread concern with high interest rates and tight credit conditions. In November 1980, 66 percent of all families mentioned unfavorable credit conditions when evaluating the housing market, up from 56 percent in October, and 41 percent in August 1980. The 66 percent recorded in November 1980 nearly equals the record level of 76 percent in April 1980 (see Chart 1).

Buying conditions for cars were viewed with less favor by consumers in the November 1980 survey. Among all families, 41 percent rated buying conditions as favorable in November 1980, down from 45 percent in October and 42 percent in August 1980. Unfavorable car buying attitudes were held by 44 percent of all families in November 1980, up from 39 percent in October. The recent increase in unfavorable car buying attitudes can be attributed to more frequent mentions of high interest rates and tight credit conditions. In the November 1980 survey, 17 percent of all families mentioned credit conditions when unfavorably evaluating car buying conditions, up from 14 percent in October and 11 percent in August 1980 (see Chart 2).

#### Summary Outlook

Although the post-election November monthly survey recorded the sixth consecutive improvement in consumer sentiment, the improvement was small and masked divergent trends in attitudes and expectations. The rapid improvement in expected business conditions was due to the hope of an improved economy under the Reagan administration, not on actual improvement, while evaluations of current market conditions have grown less favorable due to tight credit conditions. Given recent increases in interest rates, and the ephemeral nature of the presidential honeymoon, it is likely that consumer sentiment will follow a volatile path during the upcoming months.

The data suggest that consumer sales will improve during the year ahead, but the expansion will be cautious and responsive to changes in credit conditions. At this time, it is not so much a matter of consumer unwillingness to purchase as consumer inability to purchase, especially in terms of credit conditions. The potential tax cut coupled with lowered interest rates in 1981 would greatly strengthen the path of recovery.

The November 1980 survey included 694 interviews conducted between November 5 and November 30, 1980.

CHART 1  
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES

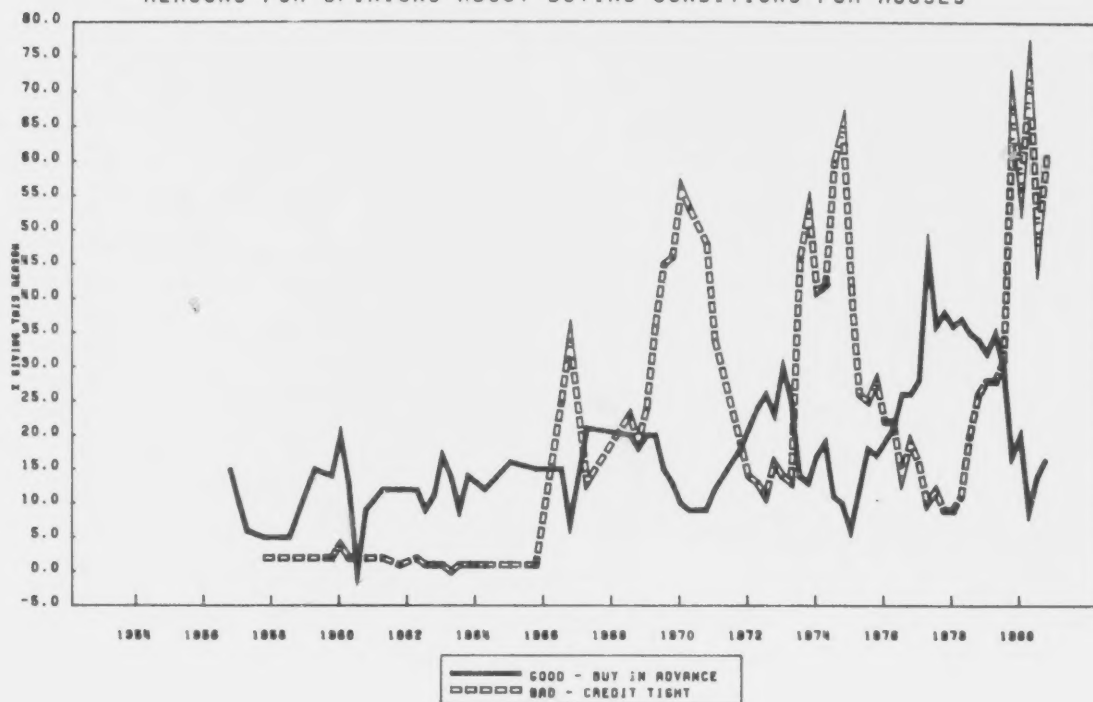
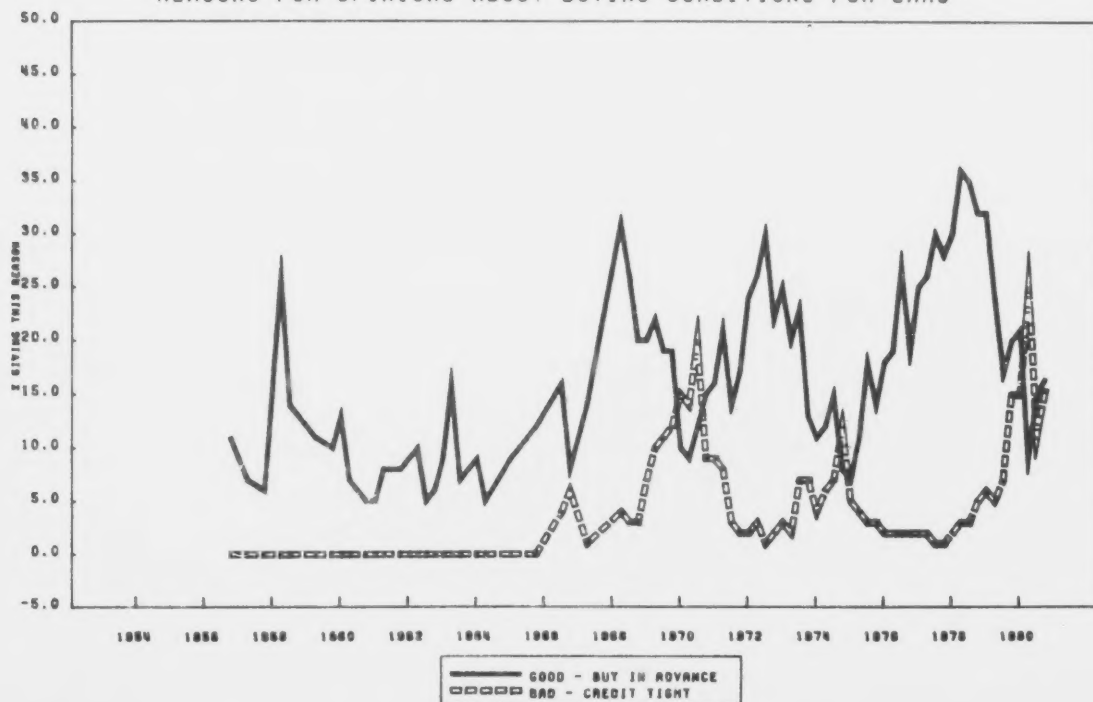


CHART 2  
REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS

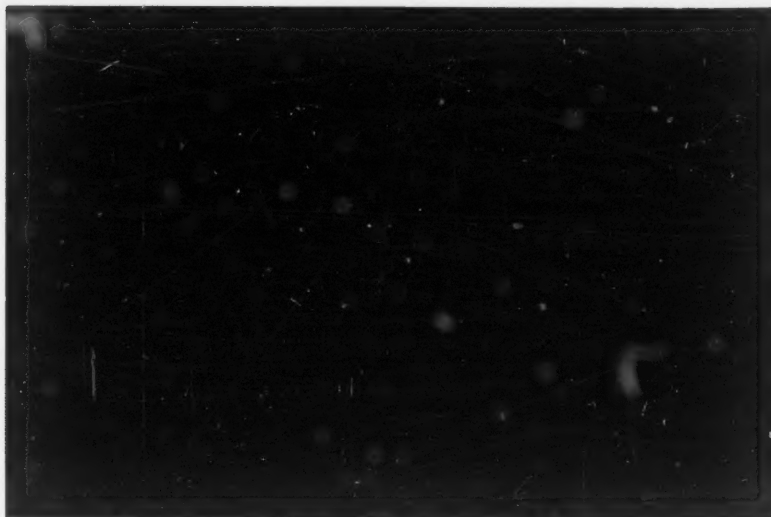


# SURVEYS OF CONSUMER ATTITUDES

U 7475-2

3/12/8

replaced 1/1/82



Institute for Social Research

**BEST AVAILABLE COPY**

## T A B L E S   A N D   C H A R T S

DECEMBER 1980

The December 1980 survey is the 125th in a series of survey of consumer attitudes conducted during the last 30 years. The purpose of these surveys is to measure changes in consumer attitudes and expectations, and to increase understanding of why these changes occur and how they affect consumer decisions to make discretionary purchases or to save. This type of understanding is an essential ingredient for forecasting changes in aggregate consumer behavior.

Two charts are presented for most questions. One gives quarterly results from 1955 to the last quarterly observation. A second chart shows monthly results since January of 1978, when this series was instituted, along with a simple three month moving average, plotted on the last of the three months.

# TABLE OF CONTENTS

| CHART/<br>TABLE | TITLE                                                                              |
|-----------------|------------------------------------------------------------------------------------|
| 1               | THE INDEX OF CONSUMER SENTIMENT                                                    |
| 2               | INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS                        |
| 3               | COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT                                      |
| 4               | CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO                                 |
| 5               | SELECTED REASONS FOR OPINIONS ABOUT PERSONAL<br>FINANCIAL SITUATION                |
| 6               | EXPECTED CHANGE IN FINANCIAL SITUATION                                             |
| 7               | TREND IN PERSONAL FINANCIAL SITUATION                                              |
| 8               | EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS                            |
| 9               | PAST CHANGE IN REAL FAMILY INCOME                                                  |
| 10              | EXPECTED CHANGE IN REAL FAMILY INCOME                                              |
| 11              | TREND IN FAMILY INCOME AND PRICE COMPARISON                                        |
| 12              | NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS                                |
| 13              | SELECTED ITEMS OF NEWS HEARD OF RECENT CHANGES<br>IN BUSINESS CONDITIONS           |
| 14              | CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO                                 |
| 15              | EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR                                   |
| 16              | REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR                |
| 17              | TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS                          |
| 18              | BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS                             |
| 19              | BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS                            |
| 20              | EXPECTED CHANGE IN UNEMPLOYMENT                                                    |
| 21              | EXPECTED CHANGE IN INTEREST RATES                                                  |
| 22              | CHANGE IN PRICES DURING THE LAST 12 MONTHS                                         |
| 23              | EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS                                |
| 24              | UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP                           |
| 25              | OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY                                    |
| 26              | BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS                                        |
| 27              | SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR<br>LARGE HOUSEHOLD GOODS |
| 28              | BUYING CONDITIONS FOR HOUSES                                                       |
| 29              | SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES                   |
| 30              | BUYING CONDITIONS FOR CARS                                                         |
| 31              | SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS                     |
| 32              | PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS                          |
| 33              | CURRENT VEHICLE PURCHASE INTENTIONS                                                |
| 34              | FUTURE VEHICLE PURCHASE INTENTIONS                                                 |

CHART 1 - RECENT CHANGES  
THE INDEX OF CONSUMER SENTIMENT

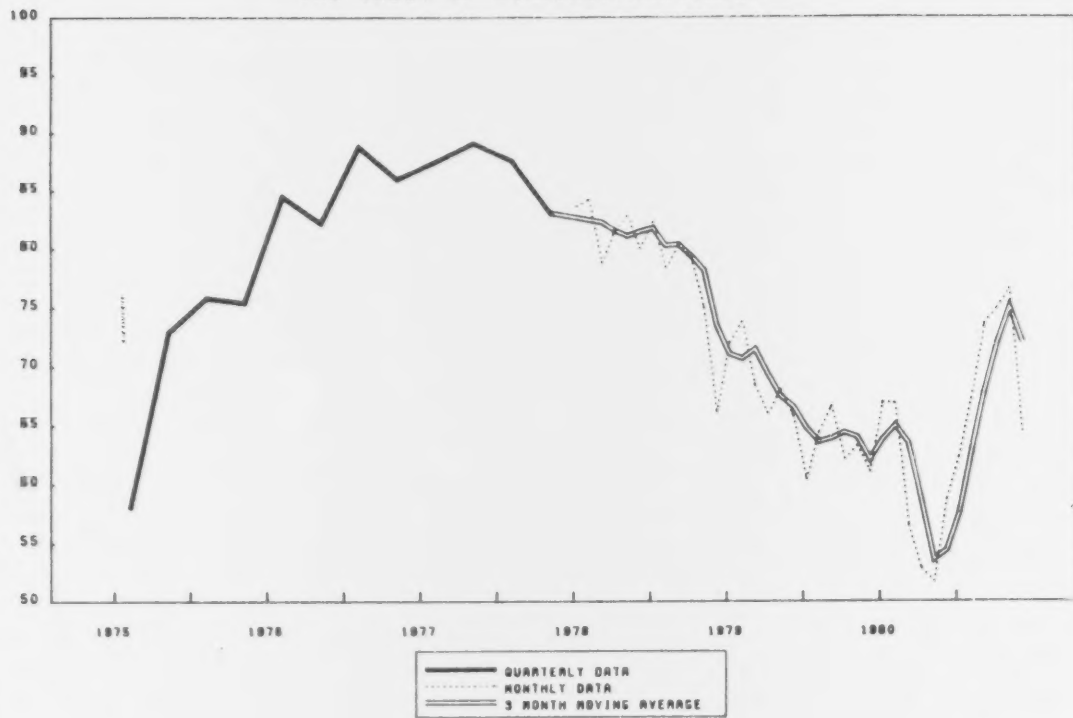


CHART 1 - HISTORICAL SERIES  
THE INDEX OF CONSUMER SENTIMENT

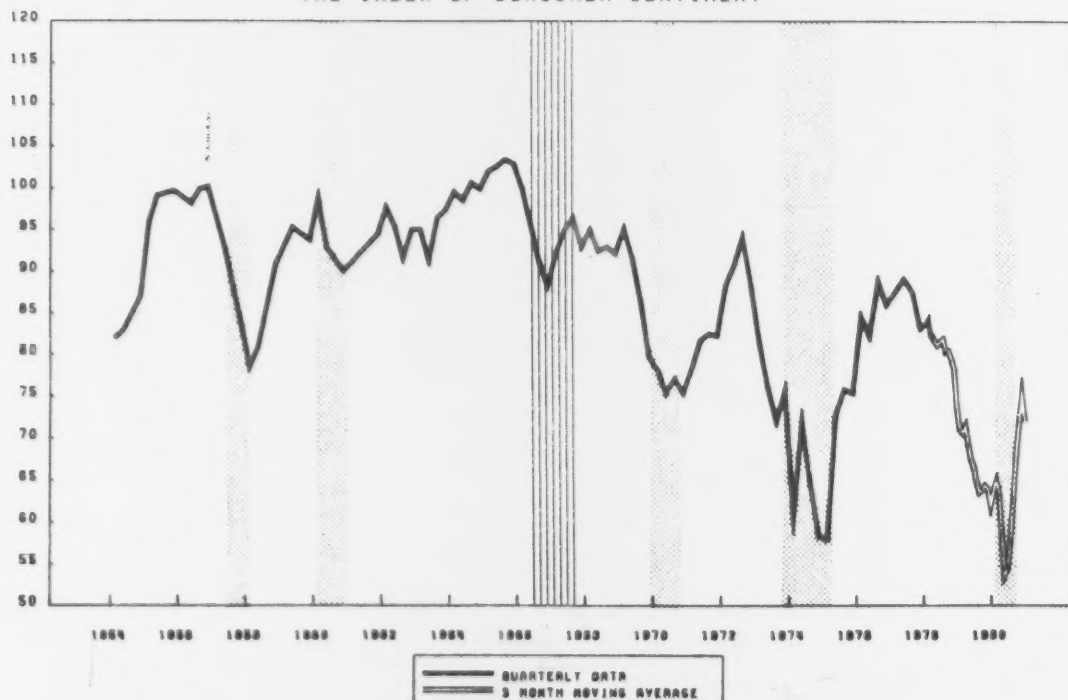


TABLE 1

## THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY | All families | Families with<br>incomes over<br>\$20,000 | Families with<br>incomes over<br>\$25,000 |
|----------------|--------------|-------------------------------------------|-------------------------------------------|
| January 1978   | 83.7         | 95.6                                      | 94.7                                      |
| February 1978  | 84.3         | 98.0                                      | 100.1                                     |
| March 1978     | 78.8         | 87.5                                      | 93.8                                      |
| April 1978     | 81.6         | 94.5                                      | 92.9                                      |
| May 1978       | 82.9         | 87.1                                      | 90.0                                      |
| June 1978      | 80.0         | 92.7                                      | 94.6                                      |
| July 1978      | 82.4         | 91.7                                      | 92.4                                      |
| August 1978    | 78.4         | 85.1                                      | 85.4                                      |
| September 1978 | 80.4         | 87.2                                      | 87.2                                      |
| October 1978   | 79.3         | 88.1                                      | 89.1                                      |
| November 1978  | 75.0         | 81.0                                      | 83.0                                      |
| December 1978  | 66.1         | 73.8                                      | 76.8                                      |
| January 1979   | 72.1         | 83.7                                      | 84.8                                      |
| February 1979  | 73.9         | 84.3                                      | 86.6                                      |
| March 1979     | 68.4         | 75.3                                      | 73.6                                      |
| April 1979     | 66.0         | 73.7                                      | 77.0                                      |
| May 1979       | 68.1         | 73.5                                      | 76.7                                      |
| June 1979      | 65.8         | 71.8                                      | 72.9                                      |
| July 1979      | 60.4         | 67.2                                      | 68.0                                      |
| August 1979    | 64.5         | 70.0                                      | 71.3                                      |
| September 1979 | 66.7         | 71.6                                      | 74.4                                      |
| October 1979   | 62.1         | 65.6                                      | 65.5                                      |
| November 1979  | 63.3         | 68.3                                      | 69.9                                      |
| December 1979  | 61.0         | 66.2                                      | 73.2                                      |
| January 1980   | 67.0         | 70.8                                      | 70.9                                      |
| February 1980  | 66.9         | 70.8                                      | 73.5                                      |
| March 1980     | 56.5         | 62.3                                      | 64.5                                      |
| April 1980     | 52.7         | 54.2                                      | 57.2                                      |
| May 1980       | 51.7         | 55.2                                      | 53.3                                      |
| June 1980      | 58.7         | 61.6                                      | 63.7                                      |
| July 1980      | 62.3         | 67.6                                      | 67.3                                      |
| August 1980    | 67.3         | 70.9                                      | 74.2                                      |
| September 1980 | 73.7         | 78.1                                      | 78.5                                      |
| October 1980   | 75.0         | 76.3                                      | 78.7                                      |
| November 1980  | 76.7         | 82.7                                      | 87.5                                      |
| December 1980  | 64.5         | 66.9                                      | 68.6                                      |

CHART 2A  
INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

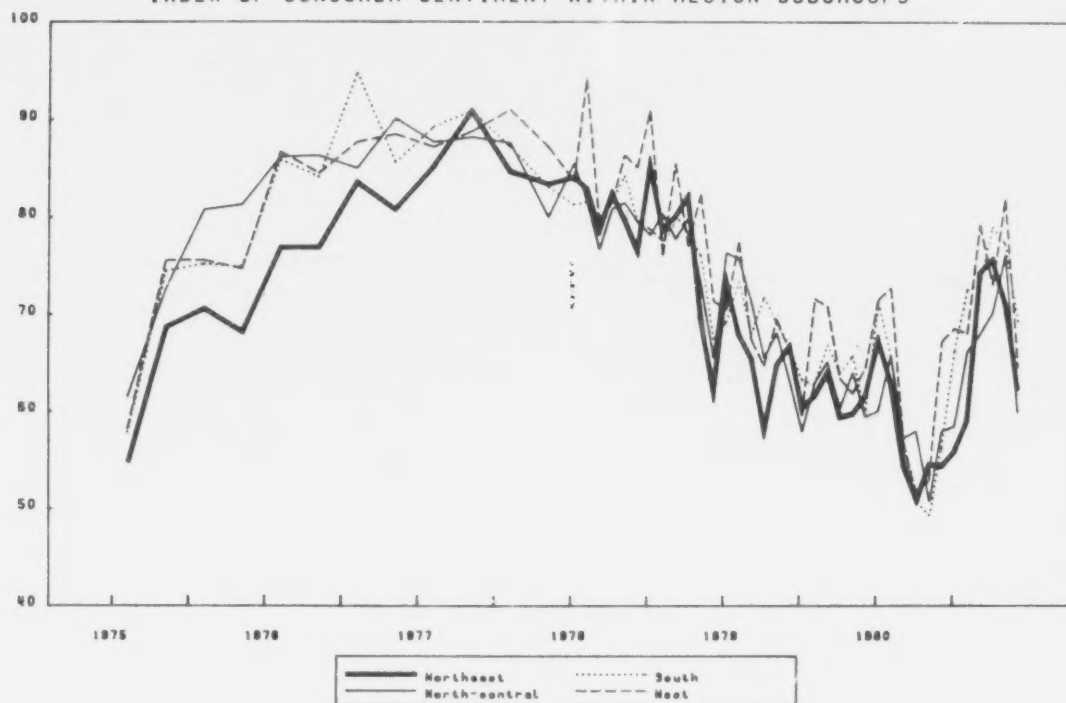


CHART 2B - RECENT CHANGES  
INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

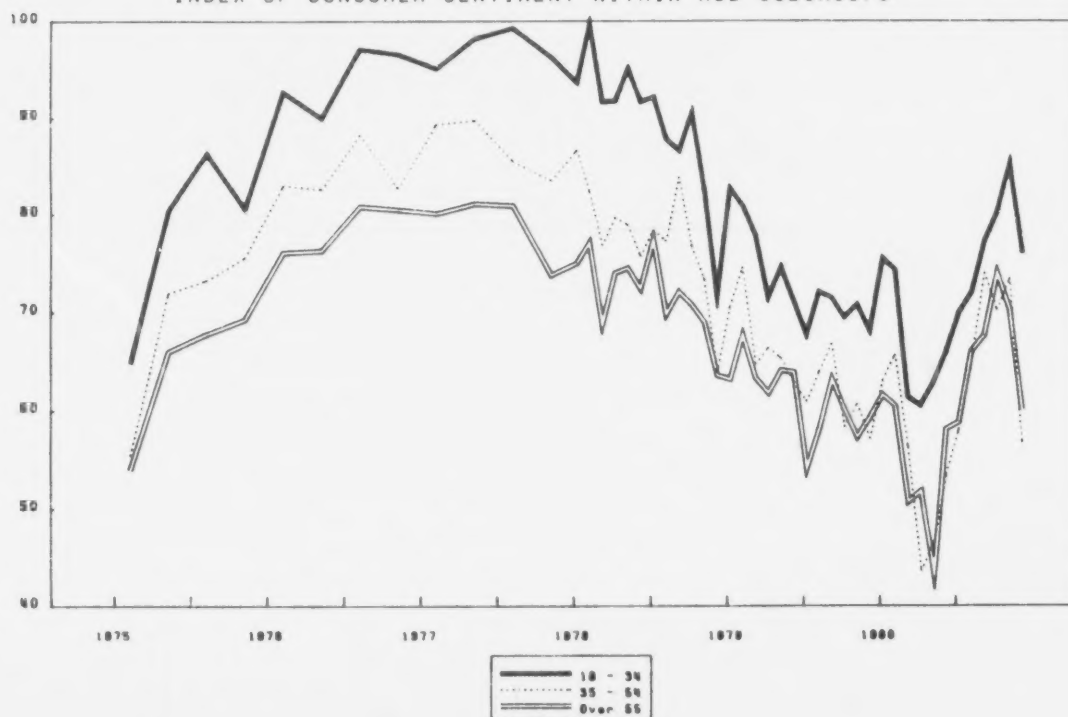


TABLE 2

## INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

| DATE OF SURVEY | CENSUS REGION |                  |       |      | AGE OF RESPONDENT |       |      |
|----------------|---------------|------------------|-------|------|-------------------|-------|------|
|                | North<br>East | North<br>Central | South | West | 18-34             | 35-54 | 55+  |
| January 1978   | 84.1          | 85.5             | 81.3  | 83.7 | 93.7              | 86.7  | 75.0 |
| February 1978  | 83.0          | 81.9             | 81.6  | 94.2 | 99.7              | 82.3  | 77.1 |
| March 1978     | 78.7          | 76.7             | 79.7  | 79.6 | 91.7              | 76.8  | 68.8 |
| April 1978     | 82.5          | 80.9             | 81.6  | 81.6 | 91.8              | 79.7  | 74.0 |
| May 1978       | 79.7          | 81.5             | 84.3  | 86.4 | 95.1              | 78.9  | 74.5 |
| June 1978      | 76.5          | 79.6             | 79.5  | 85.1 | 91.7              | 75.7  | 72.4 |
| July 1978      | 85.4          | 78.2             | 78.8  | 91.0 | 92.2              | 78.4  | 77.4 |
| August 1978    | 78.7          | 80.4             | 77.6  | 76.2 | 87.8              | 77.2  | 69.8 |
| September 1978 | 80.1          | 77.8             | 80.3  | 85.6 | 86.6              | 83.9  | 72.1 |
| October 1978   | 82.2          | 79.9             | 78.4  | 77.1 | 90.6              | 76.7  | 70.8 |
| November 1978  | 69.6          | 73.1             | 76.1  | 82.4 | 82.5              | 73.3  | 69.0 |
| December 1978  | 62.1          | 65.6             | 67.5  | 71.4 | 71.7              | 63.9  | 63.6 |
| January 1979   | 73.5          | 76.4             | 69.3  | 70.6 | 82.7              | 70.6  | 63.2 |
| February 1979  | 68.0          | 75.8             | 73.5  | 77.5 | 80.9              | 74.6  | 67.7 |
| March 1979     | 65.5          | 71.3             | 68.0  | 67.4 | 77.9              | 64.7  | 63.3 |
| April 1979     | 58.1          | 65.6             | 71.9  | 64.8 | 71.5              | 66.4  | 61.8 |
| May 1979       | 64.9          | 68.2             | 69.1  | 69.6 | 74.6              | 65.3  | 64.1 |
| June 1979      | 66.8          | 63.3             | 66.8  | 66.3 | 71.2              | 62.9  | 63.9 |
| July 1979      | 60.4          | 58.0             | 63.3  | 59.7 | 67.7              | 60.9  | 54.1 |
| August 1979    | 61.7          | 63.0             | 62.9  | 71.7 | 72.1              | 64.0  | 58.2 |
| September 1979 | 64.1          | 65.2             | 67.0  | 70.9 | 71.5              | 66.8  | 63.2 |
| October 1979   | 59.5          | 60.4             | 64.0  | 63.5 | 69.5              | 58.3  | 60.1 |
| November 1979  | 59.8          | 64.1             | 65.8  | 61.9 | 70.8              | 60.7  | 57.3 |
| December 1979  | 61.7          | 59.5             | 59.7  | 64.6 | 68.1              | 57.1  | 59.3 |
| January 1980   | 67.4          | 60.1             | 71.3  | 71.6 | 75.5              | 63.1  | 61.6 |
| February 1980  | 63.0          | 65.9             | 65.7  | 72.8 | 74.3              | 65.7  | 60.5 |
| March 1980     | 54.4          | 57.3             | 56.7  | 56.9 | 61.4              | 56.2  | 50.7 |
| April 1980     | 50.9          | 58.0             | 50.7  | 51.5 | 60.5              | 43.6  | 51.8 |
| May 1980       | 54.6          | 50.8             | 49.3  | 53.0 | 62.8              | 46.6  | 43.4 |
| June 1980      | 54.4          | 58.0             | 56.4  | 67.3 | 65.9              | 53.5  | 58.1 |
| July 1980      | 55.9          | 58.5             | 66.4  | 68.6 | 69.9              | 58.1  | 58.8 |
| August 1980    | 59.0          | 66.2             | 72.6  | 68.1 | 72.0              | 64.8  | 66.0 |
| September 1980 | 76.3          | 68.3             | 71.8  | 79.5 | 78.6              | 73.4  | 69.4 |
| October 1980   | 75.7          | 70.2             | 79.1  | 73.1 | 80.2              | 70.2  | 74.0 |
| November 1980  | 71.1          | 76.2             | 77.3  | 81.9 | 85.3              | 73.5  | 70.3 |
| December 1980  | 62.3          | 59.9             | 69.3  | 64.6 | 76.0              | 56.7  | 60.1 |

CHART 3 - HISTORICAL SERIES  
CURRENT AND EXPECTED COMPONENTS

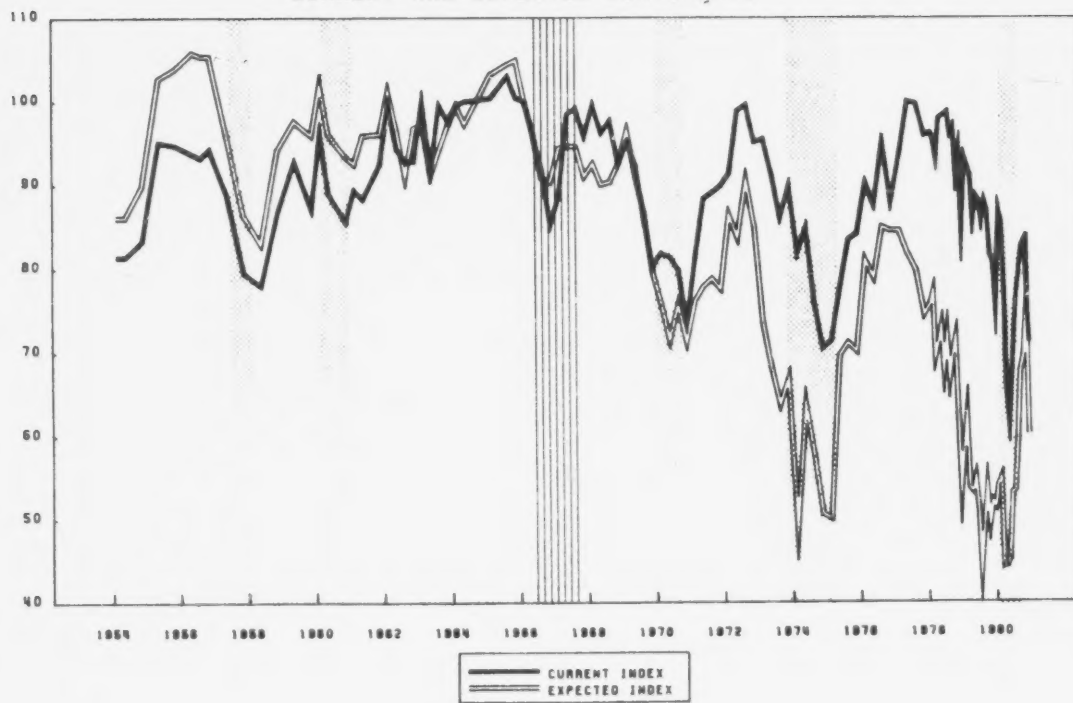


TABLE 3  
COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

| DATE OF SURVEY |      | INDEX COMPONENTS + |          |                     |         |                  |                  |                   |
|----------------|------|--------------------|----------|---------------------|---------|------------------|------------------|-------------------|
|                |      | Personal finances  |          | Business conditions |         | Buying<br>conds. | Current<br>Index | Expected<br>Index |
|                |      | Current            | Expected | 12 months           | 5 years |                  |                  |                   |
|                |      | (1)                | (2)      | (3)                 | (4)     |                  |                  |                   |
| January        | 1978 | 105                | 114      | 106                 | 80      | 142              | 96.2             | 75.7              |
| February       | 1978 | 106                | 109      | 108                 | 89      | 139              | 95.4             | 77.2              |
| March          | 1978 | 100                | 107      | 91                  | 76      | 140              | 93.2             | 69.5              |
| April          | 1978 | 104                | 112      | 99                  | 71      | 148              | 98.0             | 71.1              |
| May            | 1978 | 105                | 111      | 99                  | 79      | 147              | 98.2             | 73.0              |
| June           | 1978 | 107                | 102      | 97                  | 71      | 146              | 98.4             | 68.1              |
| July           | 1978 | 108                | 111      | 105                 | 69      | 146              | 98.7             | 72.0              |
| August         | 1978 | 101                | 112      | 82                  | 70      | 145              | 96.1             | 67.0              |
| September      | 1978 | 109                | 109      | 96                  | 71      | 140              | 96.9             | 69.8              |
| October        | 1978 | 96                 | 104      | 103                 | 77      | 138              | 91.2             | 71.7              |
| November       | 1978 | 106                | 106      | 74                  | 67      | 135              | 94.1             | 62.8              |
| December       | 1978 | 95                 | 96       | 61                  | 53      | 123              | 85.2             | 53.8              |
|                |      |                    |          |                     |         |                  |                  |                   |
| January        | 1979 | 101                | 99       | 72                  | 58      | 139              | 93.3             | 58.4              |
| February       | 1979 | 98                 | 98       | 75                  | 71      | 138              | 92.2             | 62.2              |
| March          | 1979 | 96                 | 99       | 57                  | 53      | 138              | 91.2             | 53.7              |
| April          | 1979 | 85                 | 90       | 63                  | 55      | 134              | 85.9             | 53.3              |
| May            | 1979 | 91                 | 95       | 58                  | 62      | 136              | 88.7             | 54.9              |
| June           | 1979 | 92                 | 91       | 54                  | 55      | 134              | 88.2             | 51.4              |
| July           | 1979 | 90                 | 92       | 39                  | 40      | 130              | 85.7             | 44.2              |
| August         | 1979 | 95                 | 98       | 46                  | 48      | 131              | 88.2             | 49.3              |
| September      | 1979 | 90                 | 98       | 60                  | 51      | 133              | 87.1             | 53.6              |
| October        | 1979 | 83                 | 96       | 48                  | 49      | 126              | 81.6             | 49.5              |
| November       | 1979 | 86                 | 97       | 52                  | 54      | 120              | 80.9             | 52.0              |
| December       | 1979 | 83                 | 101      | 50                  | 50      | 110              | 75.8             | 51.5              |
|                |      |                    |          |                     |         |                  |                  |                   |
| January        | 1980 | 96                 | 106      | 58                  | 47      | 127              | 87.1             | 54.1              |
| February       | 1980 | 85                 | 99       | 55                  | 60      | 134              | 85.5             | 54.9              |
| March          | 1980 | 76                 | 92       | 38                  | 41      | 116              | 75.3             | 44.3              |
| April          | 1980 | 73                 | 94       | 32                  | 45      | 94               | 65.8             | 44.4              |
| May            | 1980 | 79                 | 100      | 31                  | 44      | 77               | 61.7             | 45.3              |
| June           | 1980 | 78                 | 101      | 43                  | 63      | 93               | 67.4             | 53.0              |
| July           | 1980 | 90                 | 105      | 45                  | 58      | 104              | 76.1             | 53.4              |
| August         | 1980 | 93                 | 111      | 63                  | 60      | 109              | 79.4             | 59.6              |
| September      | 1980 | 91                 | 117      | 83                  | 69      | 121              | 82.7             | 67.9              |
| October        | 1980 | 90                 | 108      | 84                  | 83      | 123              | 83.4             | 69.6              |
| November       | 1980 | 83                 | 118      | 94                  | 93      | 112              | 76.4             | 76.9              |
| December       | 1980 | 77                 | 100      | 64                  | 73      | 104              | 71.2             | 60.2              |

- (1) See Table 4.
- (2) See Table 6.
- (3) See Table 18.
- (4) See Table 19.
- (5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES  
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

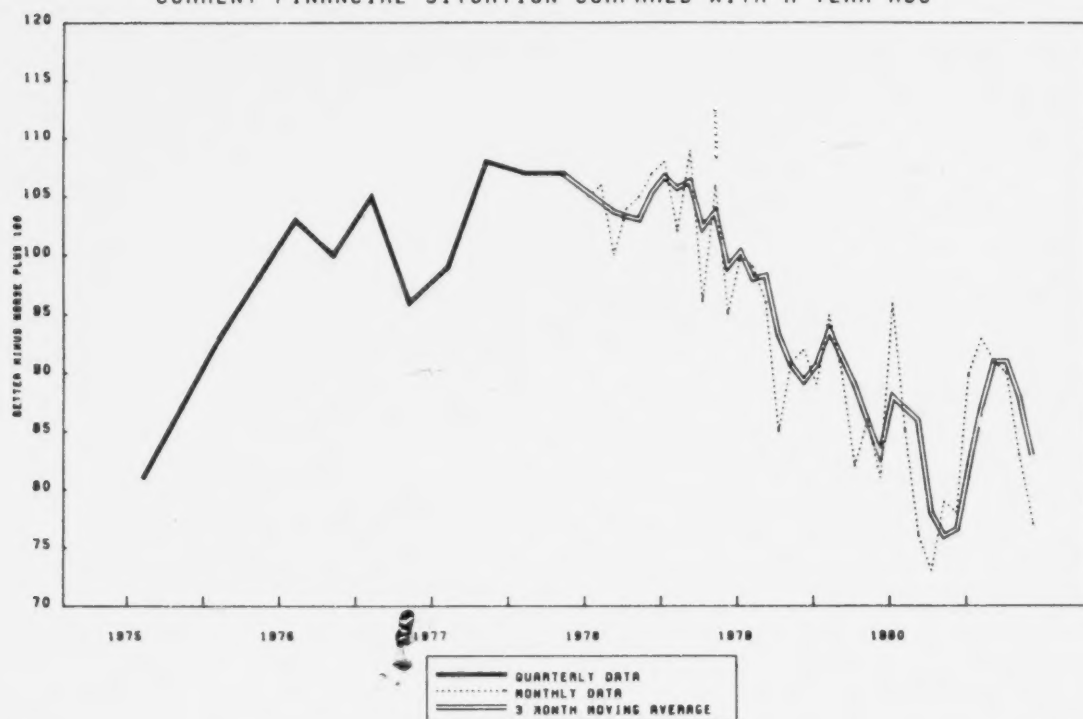


CHART 4 - HISTORICAL SERIES  
CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

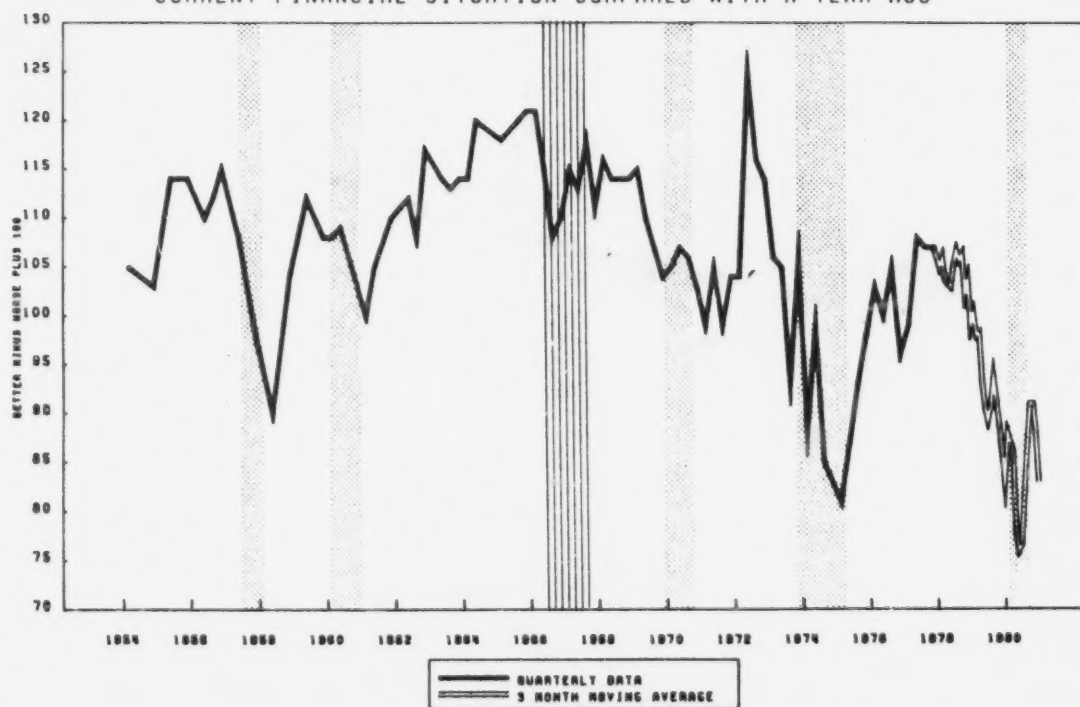


TABLE 4

## CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

|            | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BETTER OFF | 28%          | 34%          | 30%          | 24%          | 24%          | 26%         | 25%          | 30%          | 33%          | 31%          | 30%          | 28%          | 25%          |
| SAME       | 26           | 28           | 25           | 28           | 25           | 26          | 26           | 29           | 26           | 27           | 30           | 26           | 26           |
| WORSE OFF  | 45           | 38           | 45           | 48           | 51           | 47          | 47           | 40           | 40           | 40           | 40           | 45           | 48           |
| DK,NA      | 1            | *            | *            | *            | *            | 1           | 2            | 1            | 1            | 2            | *            | 1            | 1            |
| TOTAL      | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES      | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

\* : Less than half of one percent.

CHART 5 - RECENT CHANGES  
REASONS FOR FINANCIAL SITUATION COMPARED TO A YEAR AGO

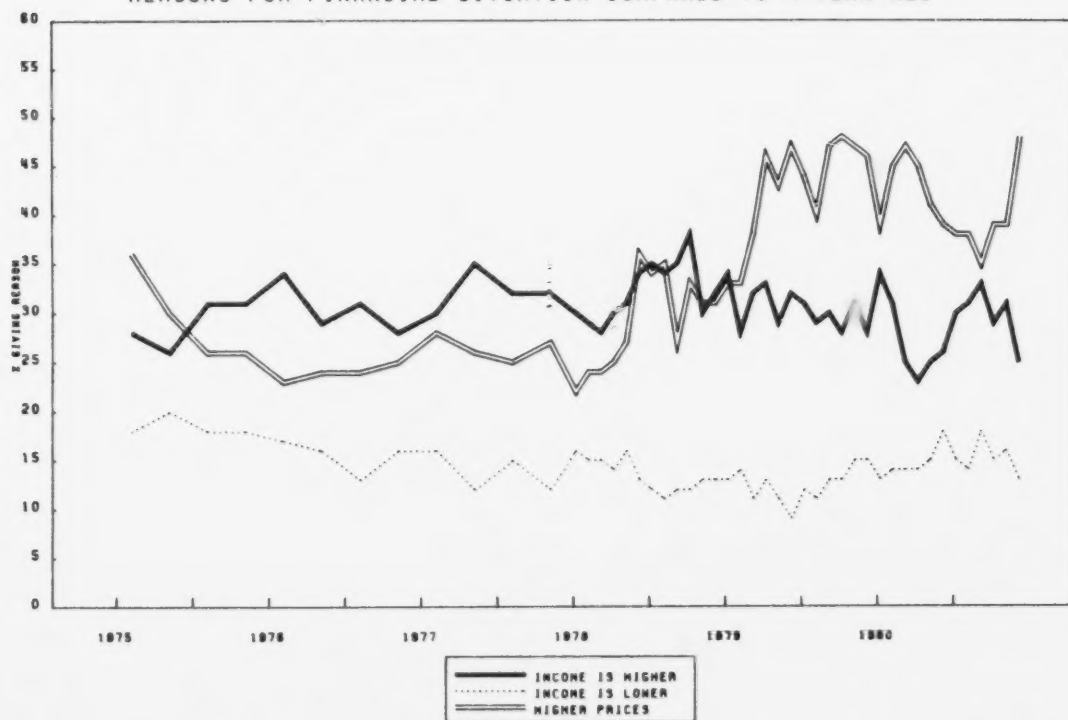


TABLE 5

## SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

|                           | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BETTER OFF THAN YEAR AGO: |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Income is higher          | 27%          | 34%          | 31%          | 25%          | 23%          | 25%         | 26%          | 30%          | 31%          | 33%          | 29%          | 31%          | 25%          |
| WORSE OFF THAN YEAR AGO:  |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Income is lower           | 14           | 13           | 14           | 14           | 14           | 15          | 18           | 15           | 14           | 18           | 15           | 16           | 13           |
| Higher prices             | 44           | 39           | 45           | 47           | 45           | 41          | 39           | 38           | 38           | 35           | 39           | 39           | 48           |

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES  
EXPECTED CHANGE IN FINANCIAL SITUATION

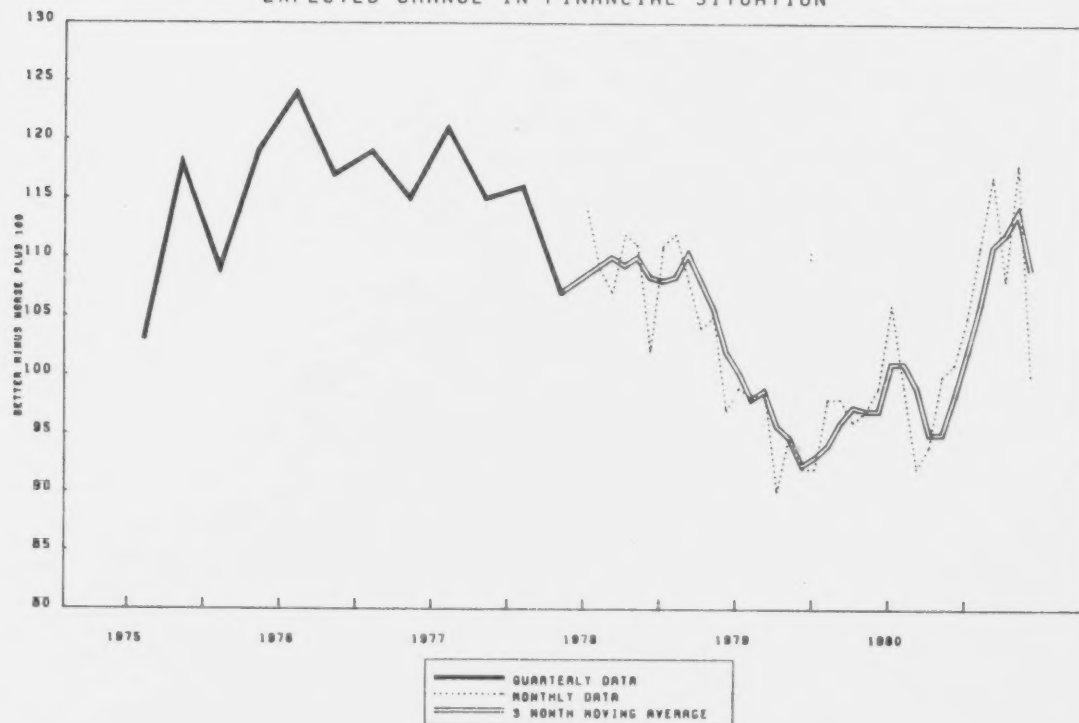


CHART 6 - HISTORICAL SERIES  
EXPECTED CHANGE IN FINANCIAL SITUATION

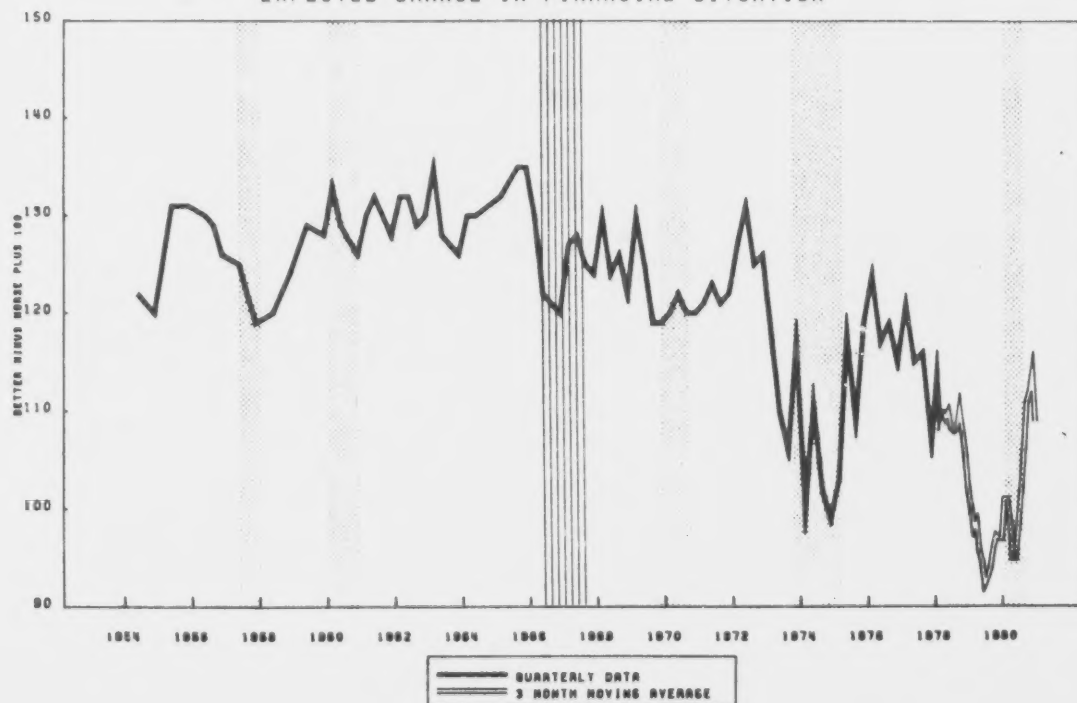


TABLE 6

## EXPECTED CHANGE IN FINANCIAL SITUATION

|            | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BETTER OFF | 26%          | 28%          | 25%          | 20%          | 25%          | 27%         | 26%          | 26%          | 30%          | 34%          | 25%          | 35%          | 25%          |
| SAME       | 45           | 46           | 45           | 47           | 42           | 43          | 46           | 48           | 48           | 45           | 50           | 42           | 45           |
| WORSE OFF  | 25           | 22           | 26           | 28           | 31           | 27          | 25           | 21           | 19           | 17           | 17           | 17           | 25           |
| DK,NA      | 4            | 4            | 4            | 5            | 2            | 3           | 3            | 5            | 3            | 4            | 8            | 6            | 5            |
| TOTAL      | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES      | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES  
TREND IN PERSONAL FINANCIAL SITUATION

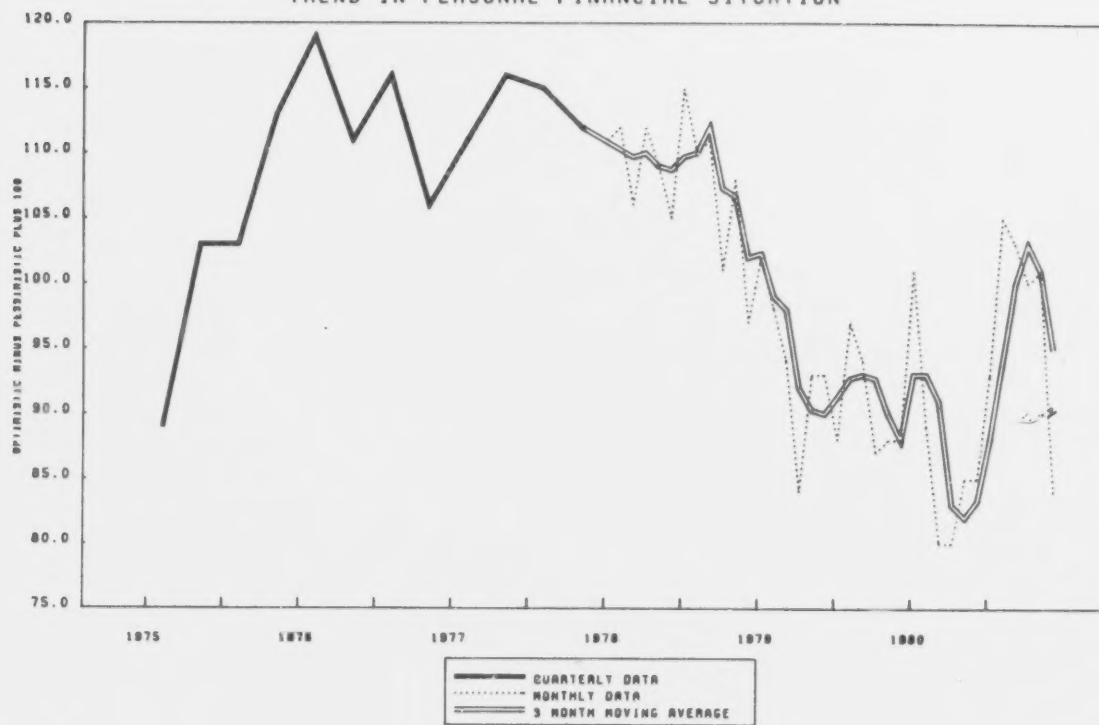


CHART 7 - HISTORICAL SERIES  
TREND IN PERSONAL FINANCIAL SITUATION

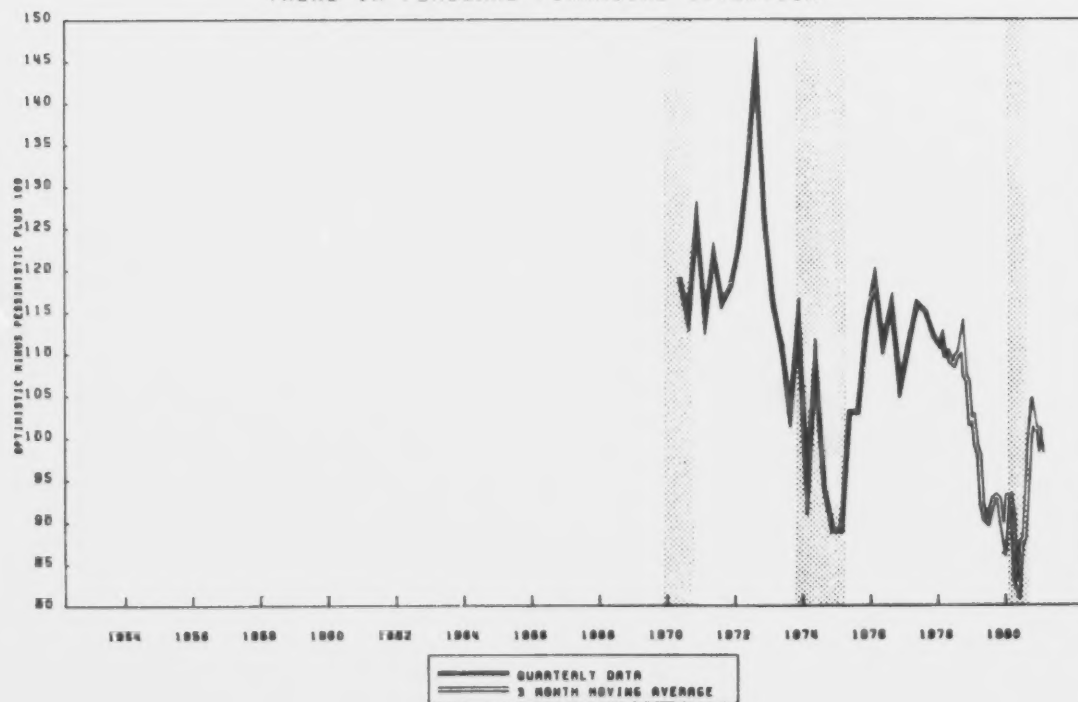


TABLE 7

## TREND IN PERSONAL FINANCIAL SITUATION

|                                 | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL FINANCIAL<br>PROGRESS: |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Continuous increase (a)         | 12%          | 15%          | 13%          | 7%           | 8%           | 11%         | 10%          | 12%          | 12%          | 14%          | 12%          | 13%          | 9%           |
| Intermittant increase (b)       | 18           | 21           | 19           | 16           | 16           | 17          | 16           | 19           | 22           | 19           | 20           | 19           | 18           |
| Remain unchanged (c)            | 14           | 16           | 12           | 15           | 14           | 12          | 14           | 14           | 16           | 15           | 18           | 13           | 12           |
| Intermittant decline (d)        | 23           | 20           | 25           | 27           | 23           | 27          | 27           | 28           | 17           | 21           | 21           | 22           | 28           |
| Continuous decline (e)          | 18           | 14           | 18           | 17           | 21           | 16          | 14           | 10           | 12           | 9            | 11           | 9            | 15           |
| Mixed change (f)                | 11           | 10           | 10           | 13           | 16           | 14          | 15           | 11           | 18           | 16           | 10           | 18           | 13           |
| DK,NA                           | 4            | 4            | 3            | 5            | 2            | 3           | 4            | 6            | 3            | 6            | 8            | 6            | 5            |
| TOTAL                           | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES                           | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now

(b) Better/Same or Same/Better

(c) Same/Same

(d) Worse/Same or Same/Worse

(e) Worse/Worse

(f) Worse/Better or Better/Worse

TABLE 8

## EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

|                  | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EXPECT INCREASE: |              |              |              |              |              |             |              |              |              |              |              |              |              |
| 1-4%             | na           | na           | 6%           | na           | 5%           | 6%          | 5%           | 5%           | 6%           | 7%           | 8%           | 5%           | 8%           |
| 5%               |              |              | 8            |              | 8            | 7           | 7            | 8            | 10           | 7            | 7            | 10           | 7            |
| 6-9%             |              |              | 14           |              | 14           | 12          | 13           | 11           | 15           | 16           | 15           | 10           | 12           |
| 10-24%           |              |              | 20           |              | 23           | 24          | 25           | 20           | 20           | 21           | 21           | 26           | 22           |
| 25% or more      |              |              | 9            |              | 7            | 6           | 8            | 5            | 6            | 5            | 7            | 7            | 7            |
| DK how much up   |              |              | 7            |              | 7            | 8           | 8            | 10           | 9            | 10           | 10           | 8            | 8            |
| EXPECT SAME      |              |              | 24           |              | 25           | 22          | 21           | 21           | 21           | 21           | 21           | 24           | 22           |
| EXPECT DOWN      |              |              | 10           |              | 9            | 13          | 12           | 18           | 11           | 10           | 9            | 7            | 11           |
| DK,NA            |              |              | 2            |              | 2            | 2           | 1            | 2            | 2            | 3            | 2            | 3            | 3            |
| TOTAL            |              |              | 100%         |              | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES            |              |              | 1019         |              | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

na : Not available.

CHART 9 - RECENT CHANGES  
INCOME OR PRICES UP MORE DURING THE LAST YEAR

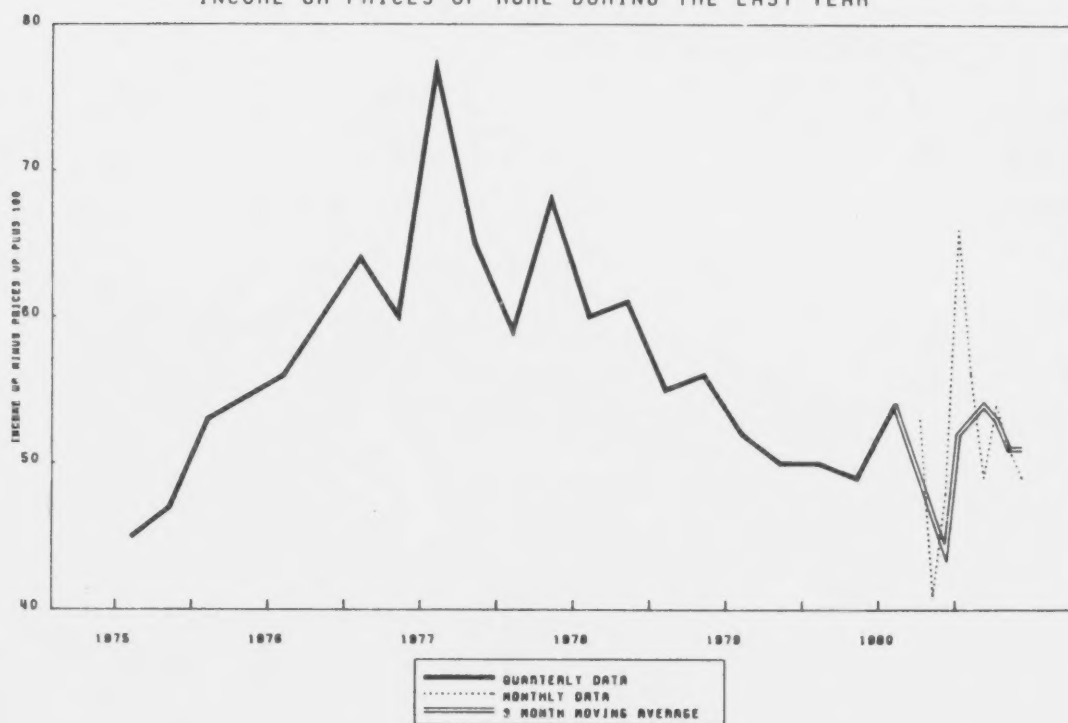


TABLE 9

## PAST CHANGE IN REAL FAMILY INCOME

|                | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|----------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| INCOME UP MORE | na           | na           | 13%          | na           | 11%          | 8%          | 11%          | 12%          | 13%          | 12%          | 13%          | 10%          | 11%          |
| INCOME UP SAME |              |              | 27           |              | 22           | 22          | 25           | 30           | 29           | 24           | 25           | 30           | 24           |
| PRICES UP MORE |              |              | 59           |              | 66           | 67          | 63           | 56           | 57           | 63           | 59           | 59           | 62           |
| DK,NA          |              |              | 1            |              | 1            | 3           | 1            | 2            | 1            | 1            | 3            | 1            | 3            |
| TOTAL          |              |              | 100%         |              | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES          |              |              | 1019         |              | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "During the last year or two, would you say that your (family) income went up more than prices, went up about the same as prices, or went up less than prices?"

na : Not available.

CHART 10 - RECENT CHANGES  
INCOME OR PRICES UP MORE NEXT YEAR

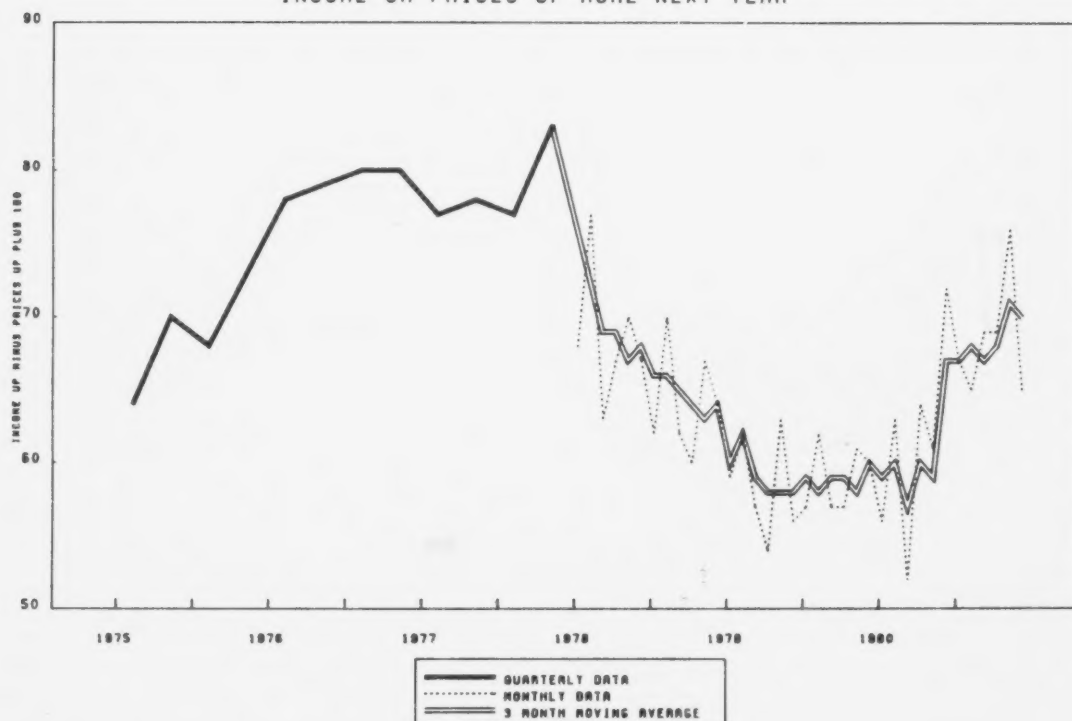


TABLE 10

## EXPECTED CHANGE IN REAL FAMILY INCOME

|                | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|----------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| INCOME UP MORE | 11%          | 8%           | 14%          | 8%           | 12%          | 12%         | 14%          | 12%          | 11%          | 14%          | 12%          | 16%          | 12%          |
| INCOME UP SAME | 34           | 36           | 33           | 32           | 37           | 34          | 41           | 38           | 40           | 38           | 42           | 42           | 36           |
| PRICES UP MORE | 51           | 52           | 51           | 56           | 48           | 51          | 42           | 45           | 46           | 45           | 43           | 40           | 47           |
| DK,NA          | 4            | 4            | 2            | 4            | 3            | 3           | 3            | 5            | 3            | 3            | 3            | 2            | 5            |
| TOTAL          | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES          | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 11 - RECENT CHANGES  
TREND IN INCOME AND PRICE COMPARISON

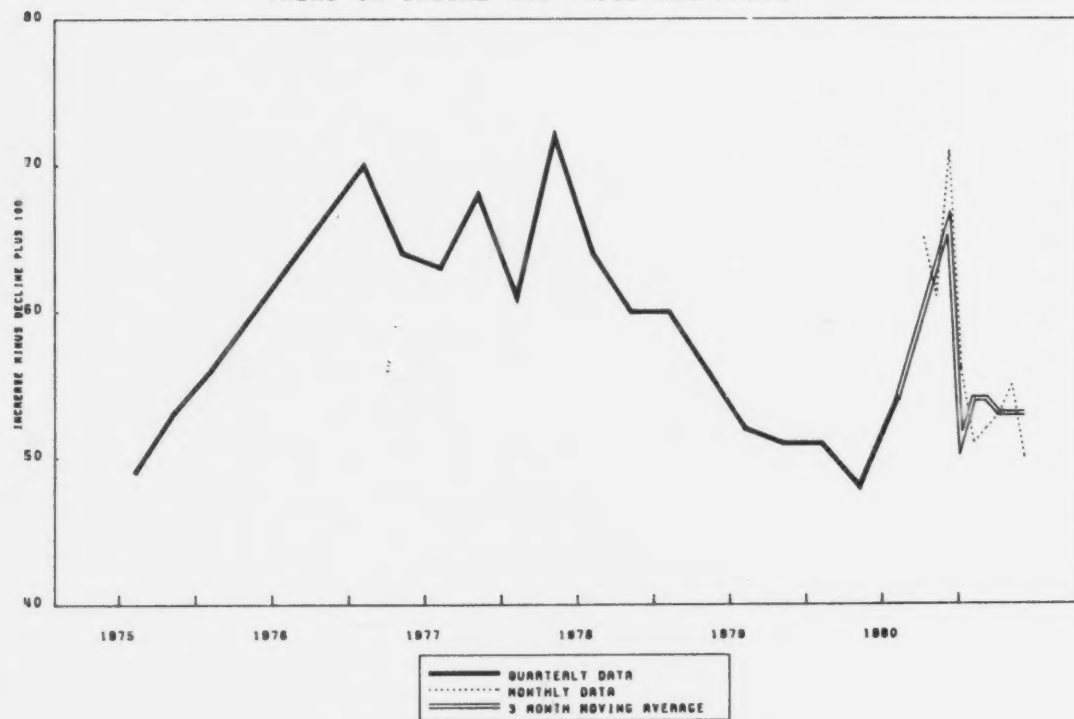


TABLE 11

## TREND IN FAMILY INCOME AND PRICES COMPARISONS

|                           | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| REAL INCOME PROGRESS:     |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Continuous increase (a)   | na           | na           | 7%           | na           | 4%           | 2%          | 5%           | 5%           | 3%           | 5%           | 6%           | 6%           | 5%           |
| Intermittant increase (b) |              |              | 8            |              | 8            | 9           | 8            | 9            | 11           | 9            | 6            | 9            | 7            |
| Remain unchanged (c)      |              |              | 16           |              | 13           | 11          | 16           | 17           | 17           | 14           | 18           | 17           | 14           |
| Intermittant decline (d)  |              |              | 19           |              | 24           | 22          | 26           | 23           | 22           | 23           | 25           | 27           | 24           |
| Continuous decline (e)    |              |              | 42           |              | 41           | 44          | 35           | 35           | 37           | 39           | 34           | 33           | 38           |
| Mixed change (f)          |              |              | 6            |              | 6            | 6           | 7            | 5            | 6            | 6            | 7            | 5            | 6            |
| DK, NA                    |              |              | 2            |              | 4            | 6           | 3            | 6            | 4            | 4            | 4            | 3            | 6            |
| TOTAL                     |              |              | 100%         |              | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES                     |              |              | 1019         |              | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

Combination of the responses to the questions on Tables 9 and 10.

Key: (a) Income up more last year/Income up more next year  
 (b) Income up more/Same or Income up same/More  
 (c) Income up same/Same  
 (d) Prices up more/Same or Prices up same/More  
 (e) Prices up more/More  
 (f) Income up more/Prices up more or Prices up more/Income up more

na : Not available.

CHART 12 - RECENT CHANGES  
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

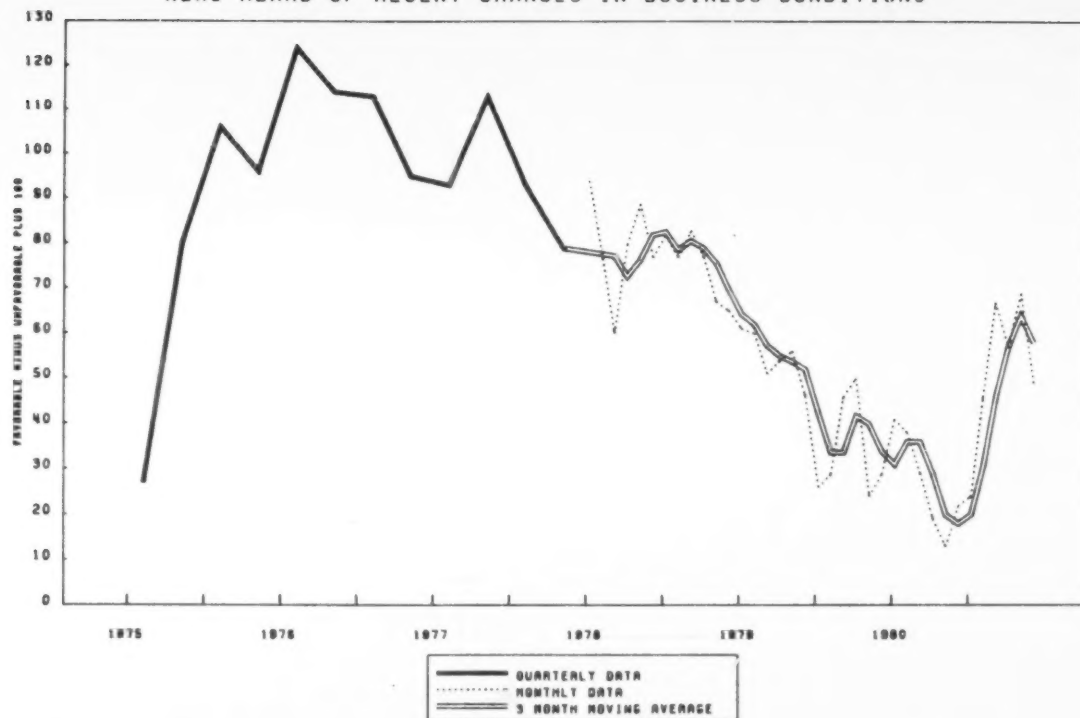


CHART 12 - HISTORICAL SERIES  
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

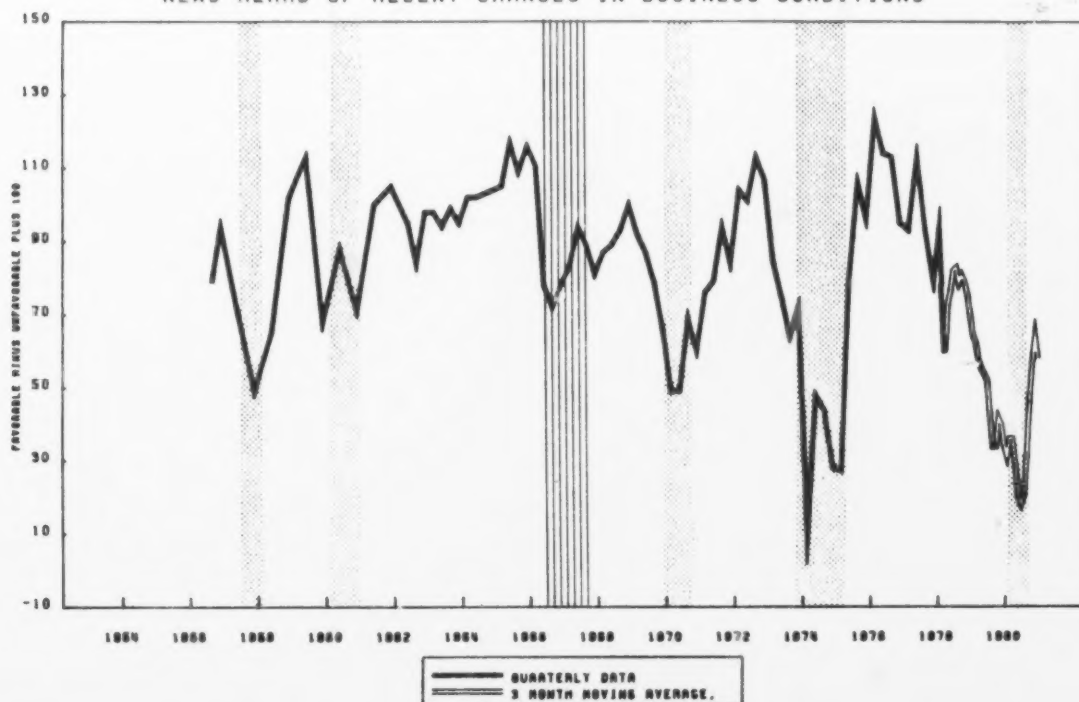


TABLE 12

## NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

|                  | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FAVORABLE NEWS   | 11%          | 17%          | 14%          | 11%          | 10%          | 10%         | 15%          | 19%          | 24%          | 30%          | 29%          | 27%          | 17%          |
| UNFAVORABLE NEWS | 79           | 76           | 76           | 82           | 91           | 97          | 93           | 95           | 78           | 63           | 72           | 58           | 68           |
| NO MENTIONS      | 41           | 39           | 41           | 41           | 35           | 30          | 29           | 30           | 34           | 38           | 33           | 47           | 44           |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

TABLE 13

SELECTED ITEMS OF  
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

|                       | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FAVORABLE NEWS:       |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Government; elections | *            | *            | 1%           | 1%           | 1%           | *           | 1%           | *            | 1%           | 2%           | 1%           | 7%           | 4%           |
| Employment            | 4            | 6            | 5            | 3            | 3            | 1           | 3            | 4            | 7            | 7            | 10           | 7            | 5            |
| Consumer demand high  | 1            | 1            | 1            | 1            | 1            | *           | 1            | 1            | 1            | 3            | 3            | 2            | 1            |
| Prices are low        | *            | 1            | 1            | *            | 1            | 1           | 1            | 1            | *            | 1            | 2            | 1            | *            |
| Credit is easy        | 1            | 1            | 1            | *            | *            | 5           | 7            | 7            | 8            | 7            | 3            | 1            | *            |
| UNFAVORABLE NEWS:     |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Government; elections | 3            | 4            | 3            | 3            | 3            | 4           | 2            | 4            | 3            | 1            | 4            | 3            | 2            |
| Unemployment          | 22           | 18           | 19           | 14           | 21           | 40          | 50           | 43           | 31           | 25           | 26           | 21           | 18           |
| Consumer demand low   | 10           | 8            | 10           | 8            | 9            | 10          | 9            | 12           | 12           | 8            | 8            | 8            | 11           |
| Prices are high       | 10           | 16           | 14           | 17           | 17           | 11          | 8            | 12           | 13           | 10           | 10           | 9            | 8            |
| Credit is tight       | 14           | 7            | 9            | 22           | 24           | 16          | 9            | 5            | 5            | 8            | 12           | 9            | 19           |
| Energy crisis         | 4            | 4            | 4            | 1            | 1            | *           | 1            | 1            | 1            | *            | 1            | *            | 1            |

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

\* : Less than half of one percent.

CHART 14 - RECENT CHANGES  
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

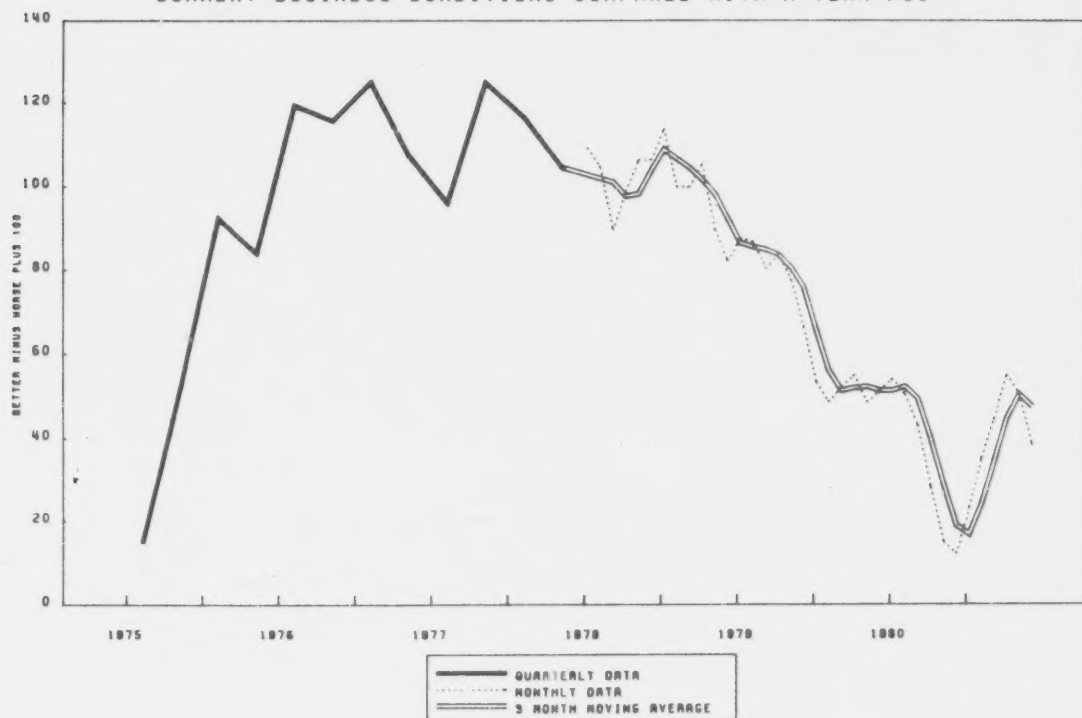


CHART 14 - HISTORICAL SERIES  
CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

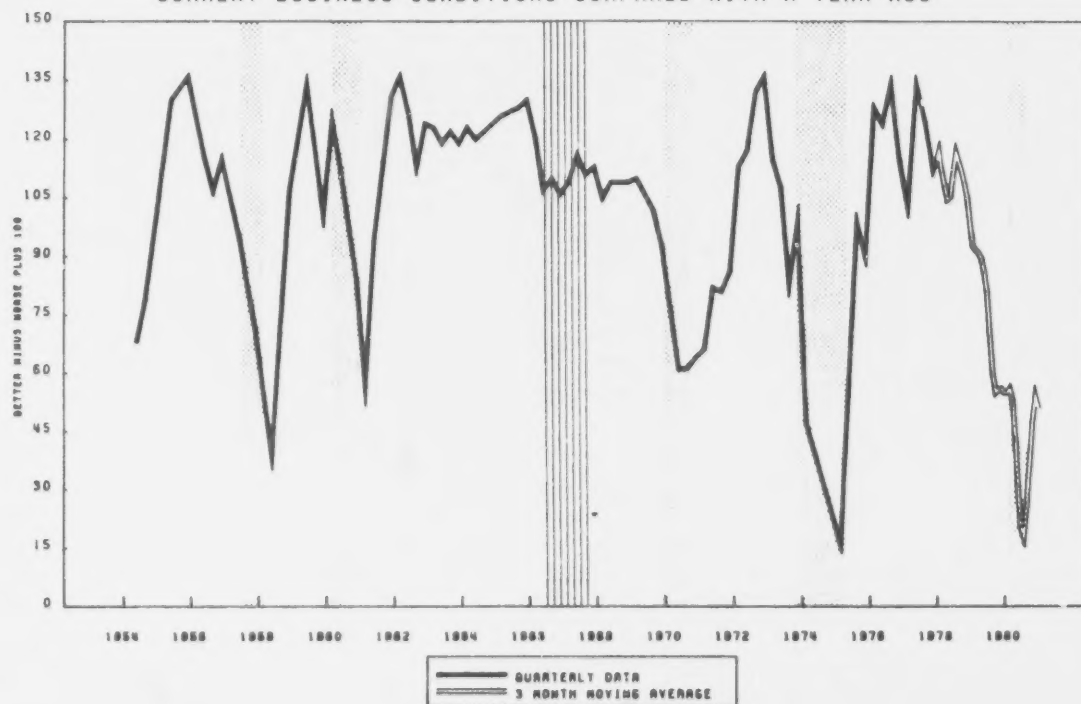


TABLE 14

## CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

|            | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BETTER NOW | 21%          | 21%          | 21%          | 15%          | 10%          | 6%          | 4%           | 10%          | 15%          | 18%          | 23%          | 21%          | 13%          |
| SAME       | 12           | 14           | 10           | 12           | 10           | 4           | 5            | 4            | 7            | 10           | 10           | 10           | 12           |
| WORSE NOW  | 65           | 62           | 67           | 69           | 79           | 90          | 90           | 85           | 77           | 70           | 64           | 67           | 72           |
| DK,NA      | 2            | 3            | 2            | 4            | 1            | *           | 1            | 1            | 1            | 2            | 3            | 2            | 3            |
| TOTAL      | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES      | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

\* : Less than half of one percent.

CHART 15 - RECENT CHANGES  
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

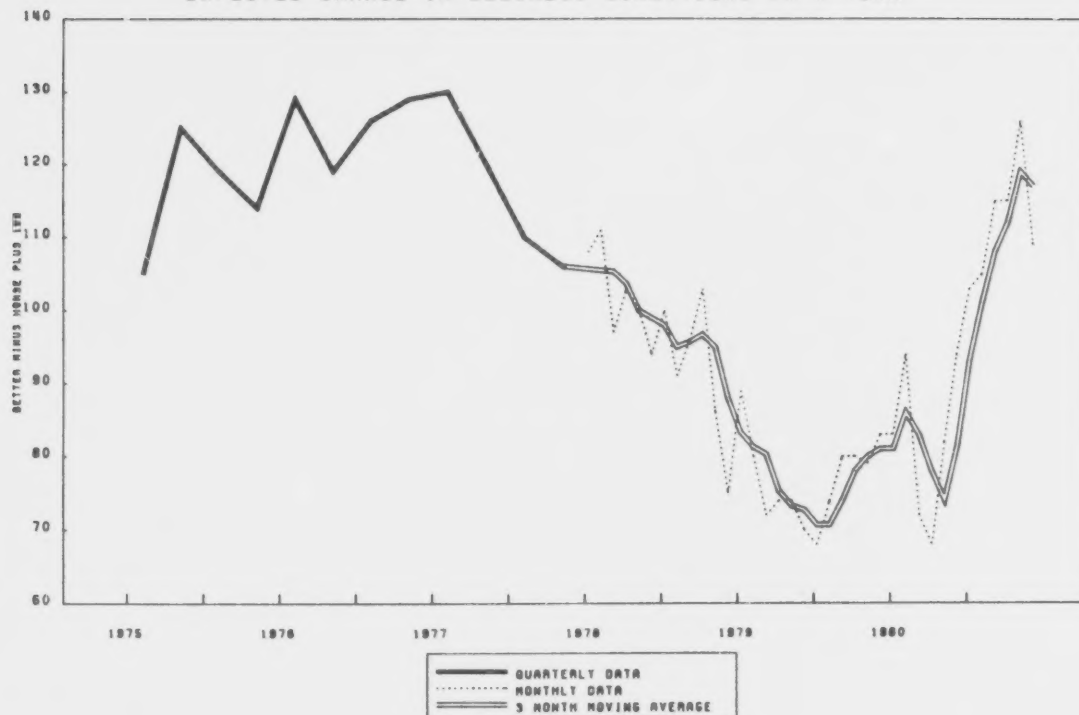


CHART 15 - HISTORICAL SERIES  
EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

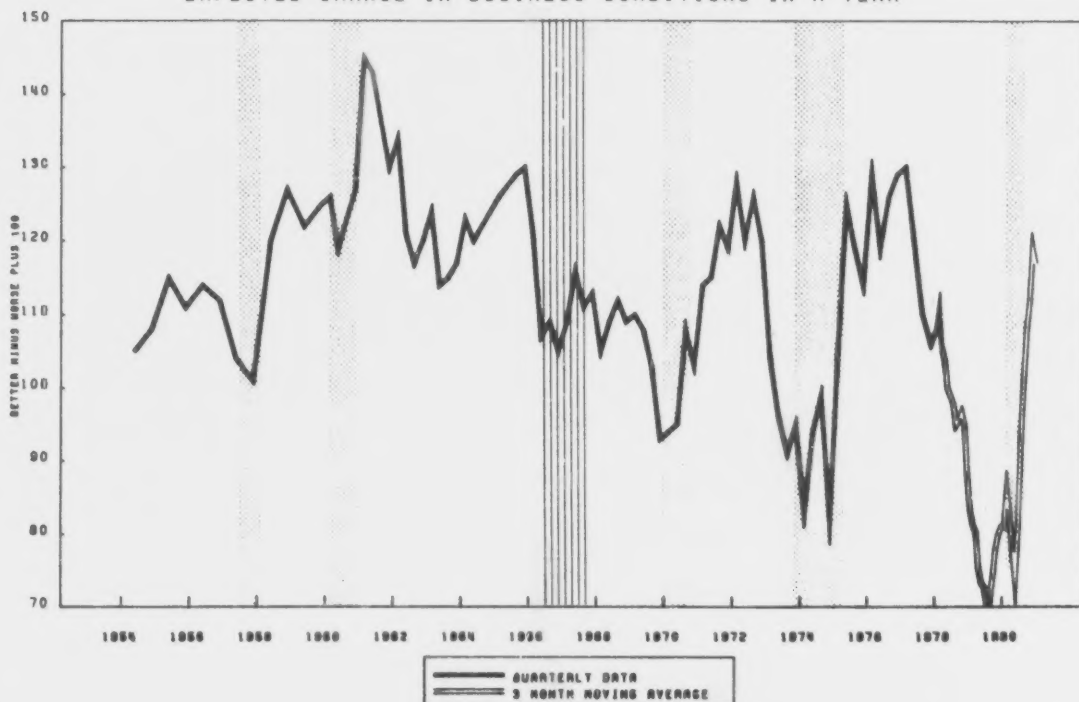


TABLE 15

## EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

|        | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|--------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| BETTER | 17%          | 17%          | 21%          | 14%          | 14%          | 21%         | 26%          | 28%          | 28%          | 32%          | 33%          | 40%          | 29%          |
| SAME   | 43           | 45           | 49           | 42           | 37           | 37          | 38           | 43           | 44           | 47           | 44           | 42           | 46           |
| WORSE  | 36           | 35           | 27           | 42           | 46           | 39          | 32           | 25           | 23           | 17           | 18           | 14           | 20           |
| DK,NA  | 4            | 3            | 3            | 2            | 3            | 3           | 4            | 4            | 5            | 4            | 5            | 4            | 5            |
| TOTAL  | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES  | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

TABLE 16

## REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR +

|                        | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FAVORABLE REASONS:     |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Government; elections  | na           | na           | 11%          | na           | 8%           | 11%         | 10%          | 15%          | 14%          | 15%          | 16%          | 34%          | 27%          |
| Employment             |              |              | 4            |              | 2            | 2           | 3            | 4            | 4            | 5            | 5            | 5            | 3            |
| Higher consumer demand |              |              | 3            |              | 1            | 3           | 1            | 2            | 3            | 4            | 5            | 3            | 2            |
| Lower prices           |              |              | 1            |              | 3            | 2           | 3            | 1            | 1            | 3            | 3            | 2            | 3            |
| Easier credit          |              |              | 1            |              | 1            | 4           | 5            | 2            | 3            | 3            | 2            | 3            | 2            |
| UNFAVORABLE REASONS:   |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Government; elections  |              |              | 13           |              | 15           | 7           | 7            | 12           | 7            | 7            | 11           | 7            | 8            |
| Unemployment           |              |              | 5            |              | 11           | 14          | 12           | 10           | 7            | 6            | 4            | 5            | 8            |
| Lower consumer demand  |              |              | 7            |              | 6            | 5           | 5            | 6            | 7            | 3            | 2            | 2            | 6            |
| Higher prices          |              |              | 16           |              | 25           | 14          | 10           | 9            | 14           | 10           | 10           | 8            | 10           |
| Tighter credit         |              |              | 3            |              | 12           | 6           | 4            | 2            | 2            | 2            | 2            | 2            | 7            |
| Energy crisis          |              |              | 6            |              | 3            | 2           | 1            | 1            | 1            | 1            | 1            | 1            | *            |

The question was: "Why do you expect business conditions to be better/the same/worse a year from now?" following the question on table 15.

+ : May add to more than 100% due to multiple mentions.

na : Not available.

\* : Less than half of one percent.

CHART 17 - RECENT CHANGES  
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

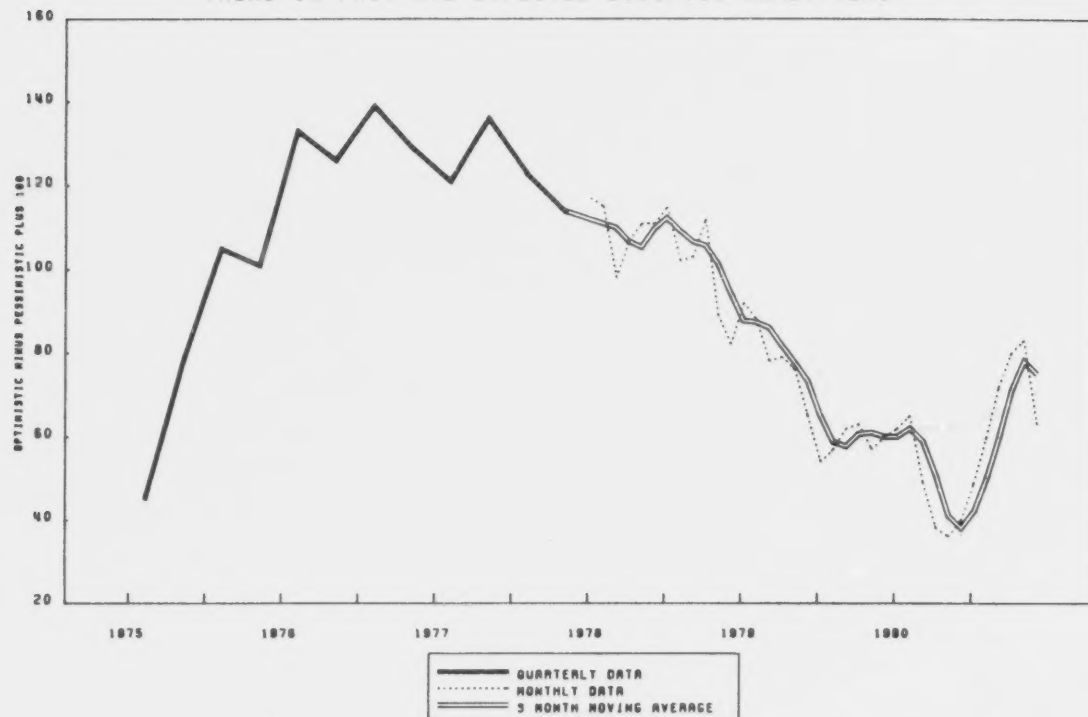


CHART 17 - HISTORICAL SERIES  
TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

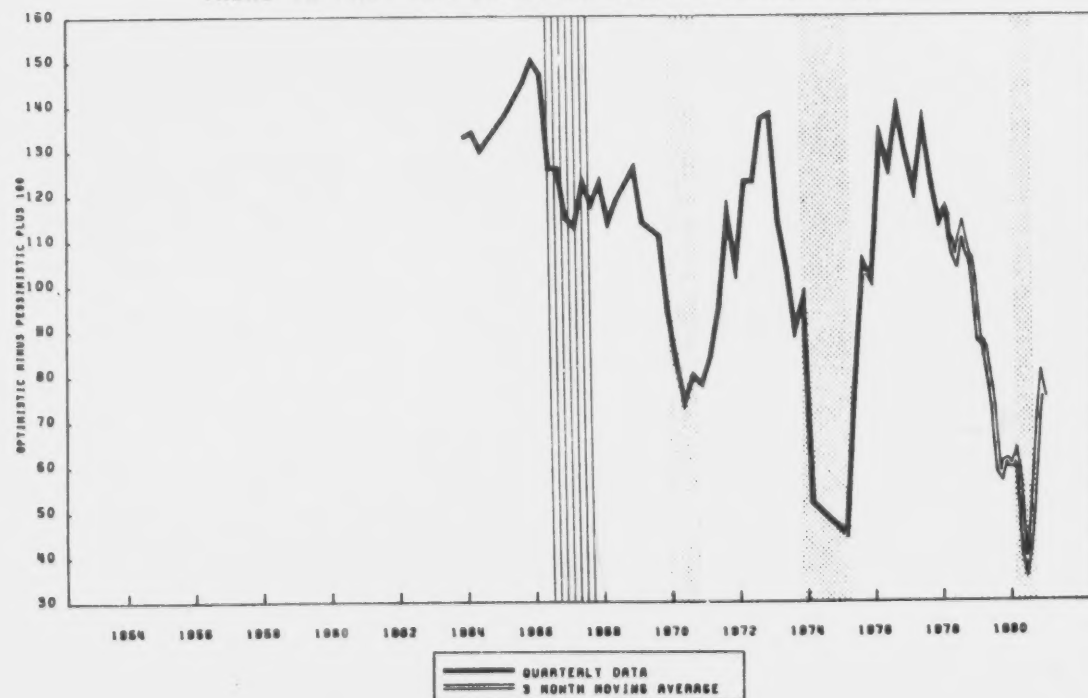


TABLE 17

## TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

|                           | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| TREND:                    |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Continuous increase (a)   | 5%           | 6%           | 8%           | 3%           | 4%           | 1%          | 1%           | 2%           | 5%           | 9%           | 9%           | 11%          | 5%           |
| Intermittant increase (b) | 12           | 10           | 12           | 9            | 6            | 5           | 4            | 7            | 9            | 10           | 13           | 14           | 10           |
| Remain unchanged (c)      | 6            | 9            | 6            | 6            | 3            | 1           | 2            | 1            | 3            | 6            | 5            | 4            | 5            |
| Intermittant decline (d)  | 29           | 30           | 33           | 31           | 32           | 34          | 35           | 37           | 35           | 33           | 28           | 29           | 36           |
| Continuous decline (e)    | 28           | 24           | 22           | 32           | 41           | 36          | 30           | 23           | 19           | 14           | 14           | 13           | 16           |
| Mixed change (f)          | 14           | 16           | 15           | 14           | 10           | 20          | 23           | 26           | 23           | 23           | 23           | 24           | 21           |
| DK,NA                     | 6            | 5            | 4            | 5            | 4            | 3           | 5            | 4            | 6            | 5            | 8            | 5            | 7            |
| TOTAL                     | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES                     | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

Combination of the responses to the questions on Tables 14 and 15.

Key: (a) Better than a year ago/Better a year from now  
 (b) Better/Same or Same/Better  
 (c) Same/Same  
 (d) Worse/Same or Same/Worse  
 (e) Worse/Worse  
 (f) Worse/Better or Better/Worse

CHART 18 - RECENT CHANGES  
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

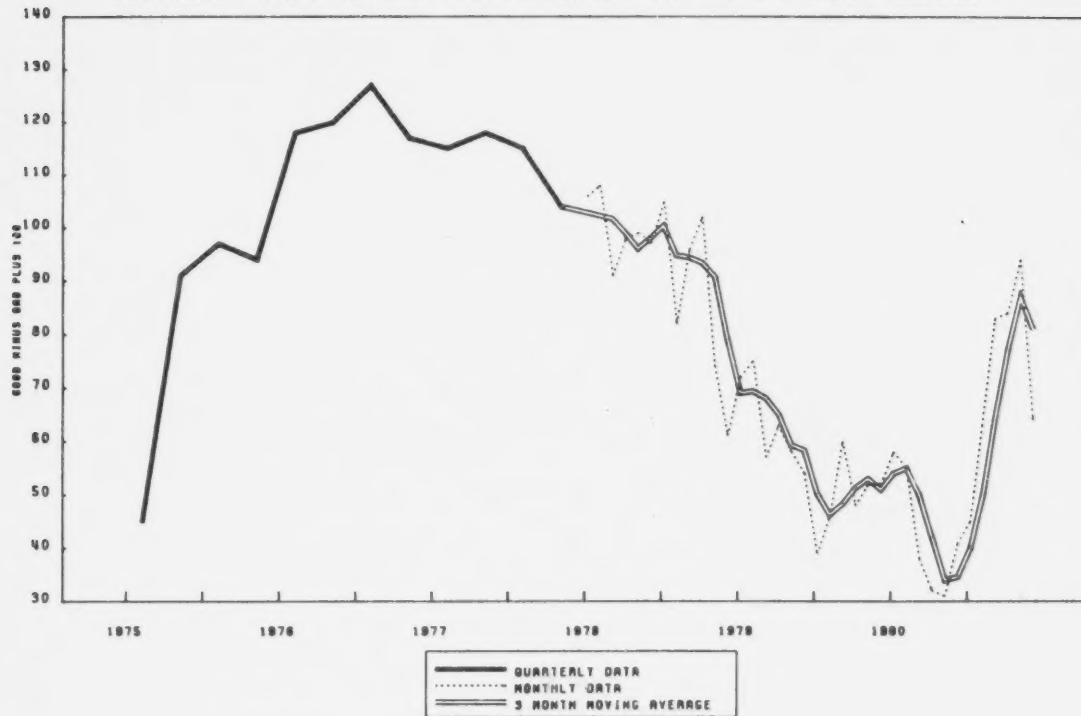


CHART 18 - HISTORICAL SERIES  
BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

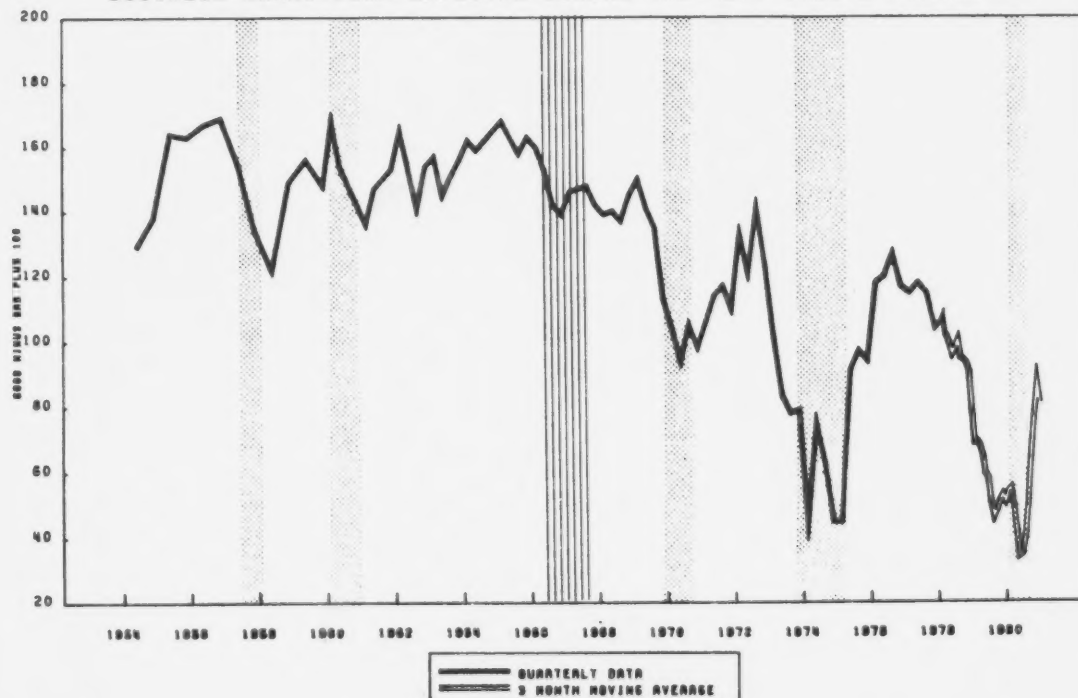


TABLE 18

## BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

|                       | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GOOD TIMES            | 19%          | 24%          | 22%          | 14%          | 11%          | 13%         | 18%          | 19%          | 25%          | 35%          | 33%          | 39%          | 26%          |
| UNCERTAIN; GOOD & BAD | 2            | 1            | 1            | 1            | 1            | 1           | 1            | 1            | 2            | 2            | 2            | 2            | 1            |
| BAD TIMES             | 69           | 66           | 67           | 76           | 79           | 82          | 75           | 74           | 62           | 52           | 49           | 45           | 62           |
| DON'T KNOW            | 4            | 4            | 5            | 4            | 4            | 3           | 4            | 4            | 7            | 7            | 8            | 8            | 7            |
| NOT ASCERTAINED       | 6            | 5            | 5            | 5            | 5            | 1           | 2            | 2            | 4            | 4            | 8            | 6            | 4            |
| TOTAL                 | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES                 | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 19 - RECENT CHANGES  
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

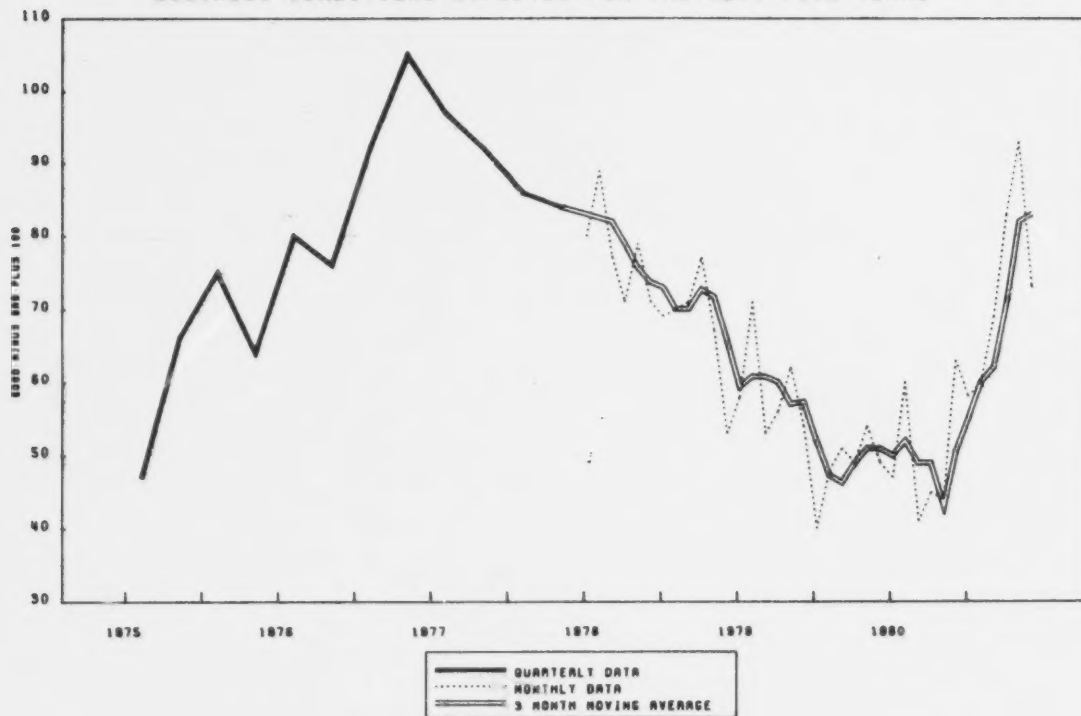


CHART 19 - HISTORICAL SERIES  
BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

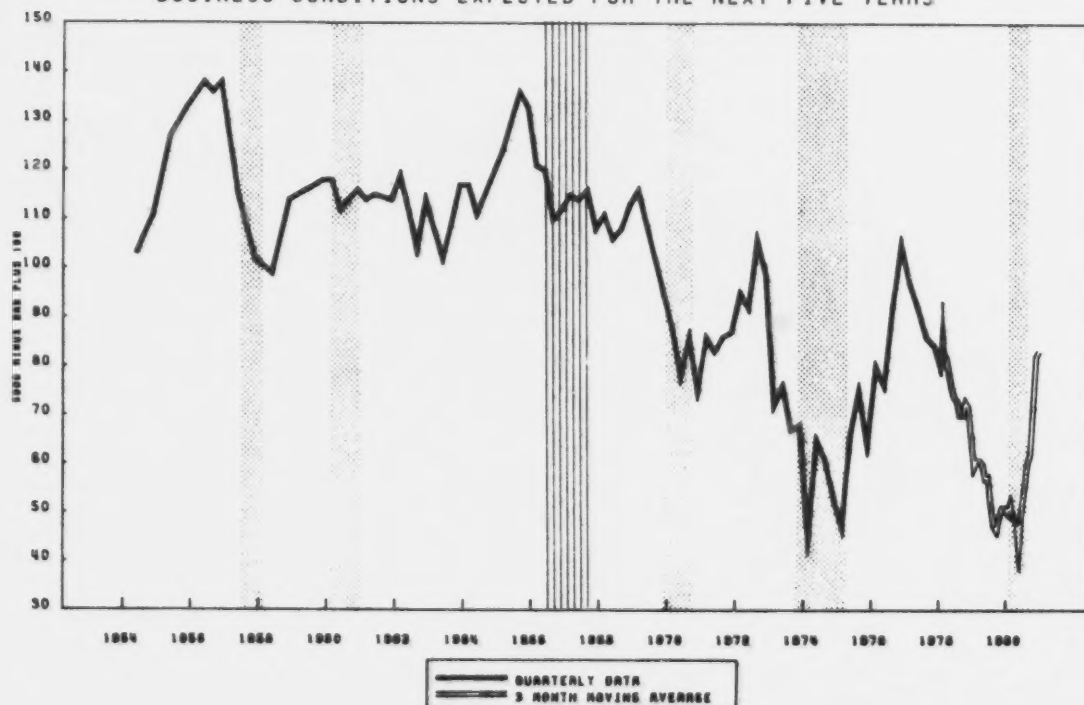


TABLE 19

## BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

|                       | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GOOD TIMES            | 15%          | 17%          | 21%          | 13%          | 14%          | 15%         | 22%          | 19%          | 19%          | 25%          | 27%          | 36%          | 25%          |
| UNCERTAIN; GOOD & BAD | 15           | 9            | 14           | 10           | 12           | 10          | 12           | 13           | 16           | 14           | 19           | 15           | 16           |
| BAD TIMES             | 65           | 70           | 61           | 72           | 69           | 71          | 59           | 61           | 59           | 56           | 44           | 43           | 52           |
| NOT ASCERTAINED       | 5            | 4            | 4            | 5            | 5            | 4           | 7            | 7            | 6            | 5            | 10           | 6            | 7            |
| TOTAL                 | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES                 | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 20 - RECENT CHANGES  
EXPECTED CHANGE IN UNEMPLOYMENT

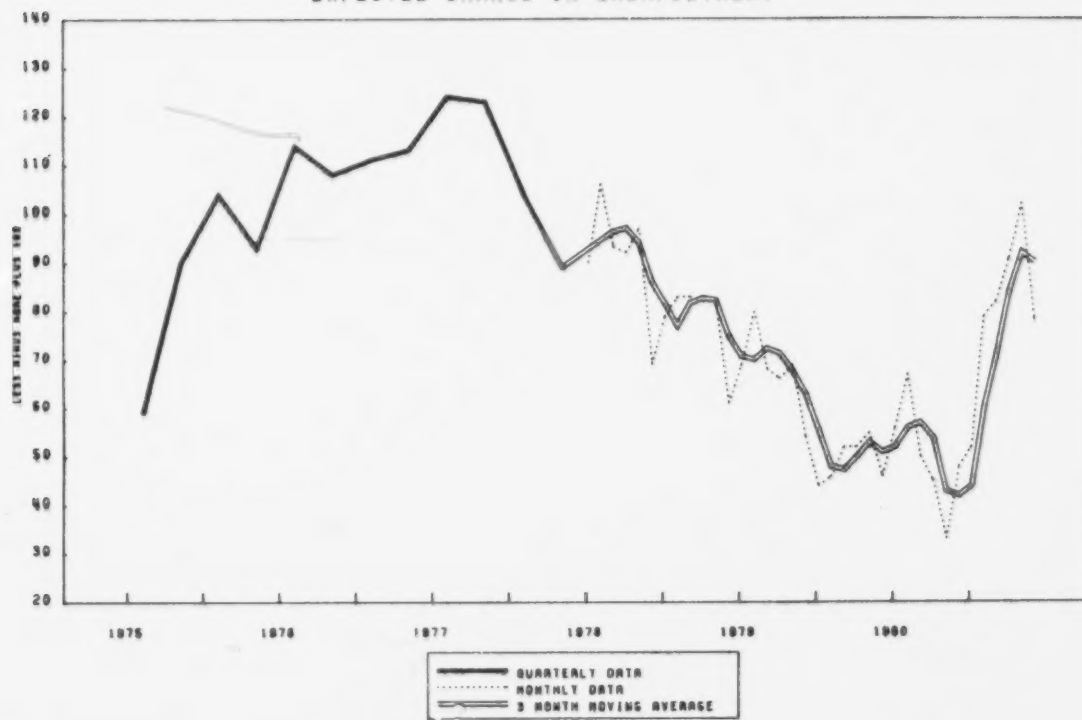


CHART 20 - HISTORICAL SERIES  
EXPECTED CHANGE IN UNEMPLOYMENT

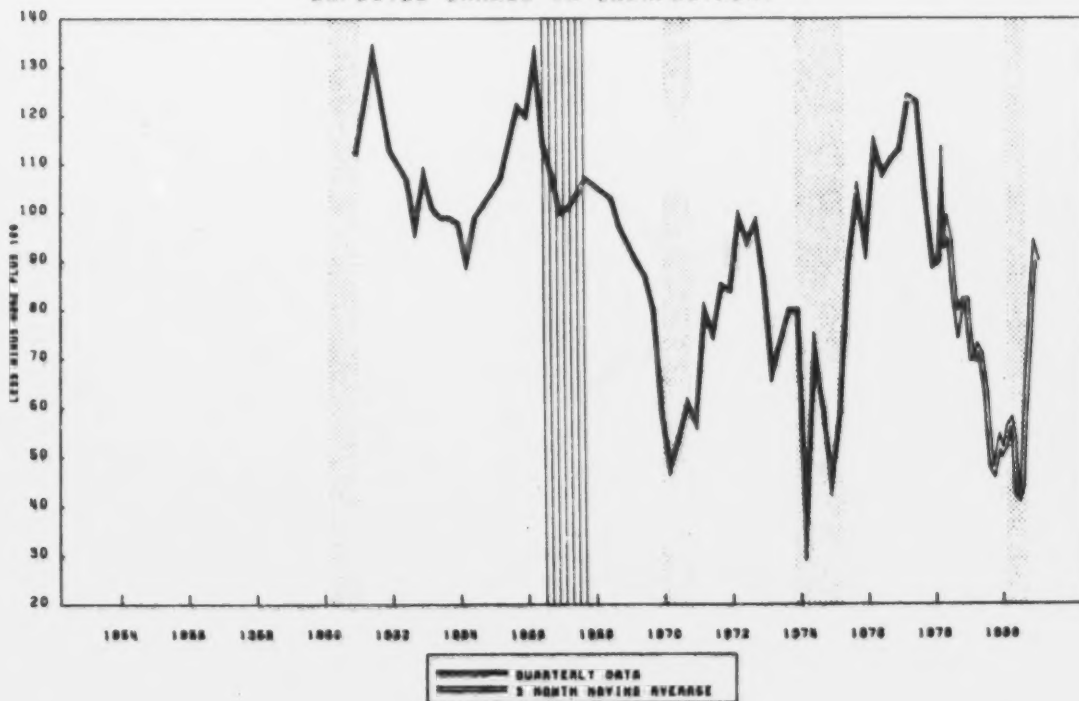


TABLE 20

## EXPECTED CHANGE IN UNEMPLOYMENT

|       | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|-------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| LESS  | 8%           | 9%           | 13%          | 7%           | 7%           | 5%          | 11%          | 11%          | 19%          | 22%          | 21%          | 26%          | 17%          |
| SAME  | 30           | 34           | 38           | 35           | 29           | 23          | 25           | 30           | 38           | 36           | 46           | 47           | 41           |
| MORE  | 61           | 54           | 46           | 57           | 62           | 72          | 63           | 53           | 40           | 40           | 30           | 24           | 39           |
| DK,NA | 1            | 3            | 3            | 1            | 2            | *           | 1            | *            | 3            | 2            | 3            | 3            | 3            |
| TOTAL | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

\* : Less than half of one percent.

CHART 21 - RECENT CHANGES  
EXPECTED CHANGE IN INTEREST RATES

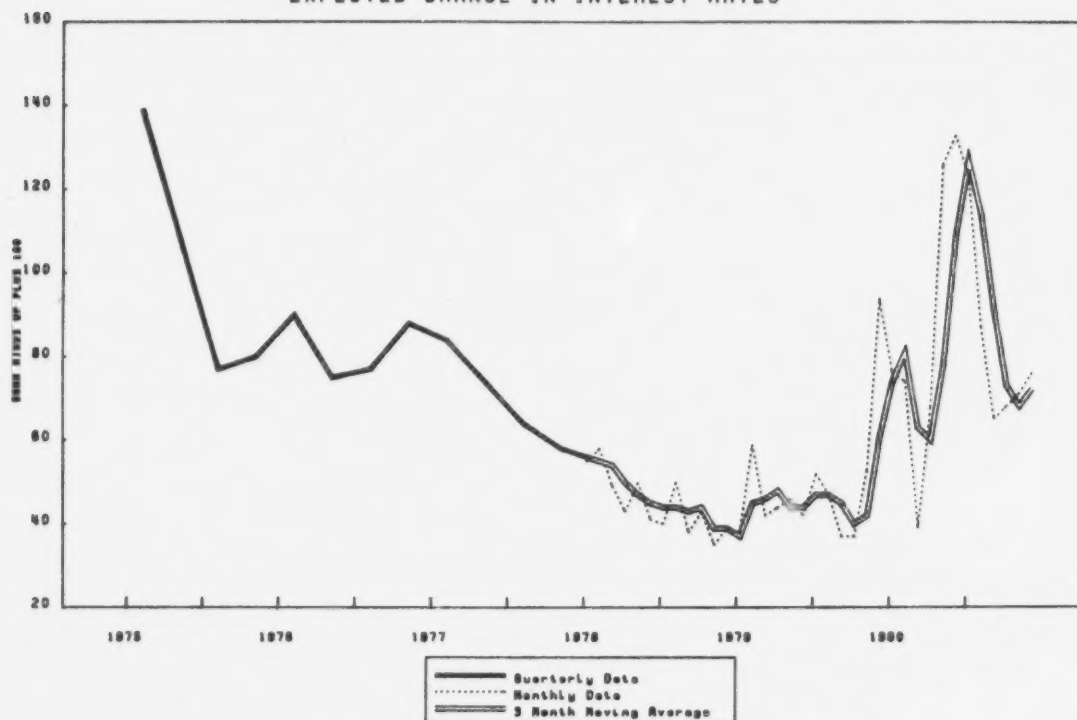


CHART 21 - HISTORICAL SERIES  
EXPECTED CHANGE IN INTEREST RATES

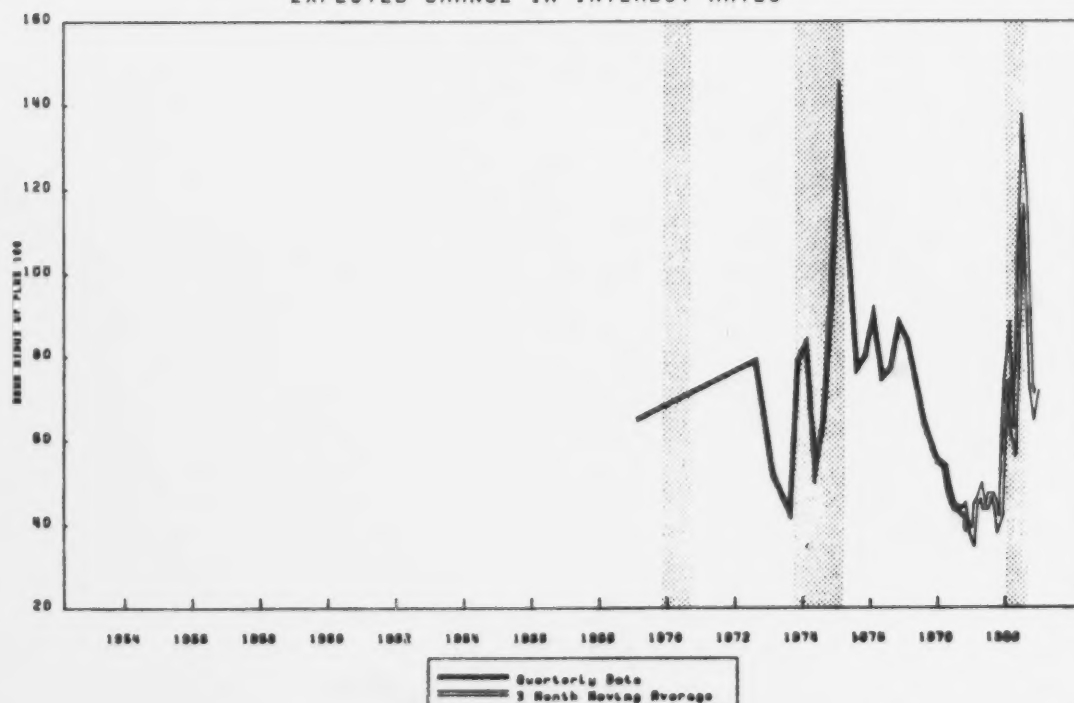


TABLE 21

## EXPECTED CHANGE IN INTEREST RATES

|               | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GO UP         | 40%          | 45%          | 47%          | 71%          | 56%          | 26%         | 21%          | 21%          | 39%          | 53%          | 49%          | 51%          | 53%          |
| STAY THE SAME | 22           | 30           | 29           | 16           | 18           | 20          | 22           | 31           | 30           | 25           | 26           | 22           | 14           |
| GO DOWN       | 34           | 21           | 21           | 10           | 24           | 52          | 54           | 44           | 26           | 18           | 17           | 22           | 29           |
| DK,NA         | 4            | 4            | 3            | 3            | 2            | 2           | 3            | 4            | 5            | 4            | 8            | 5            | 4            |
| TOTAL         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES         | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 22  
CHANGE IN PRICES DURING THE LAST 12 MONTHS

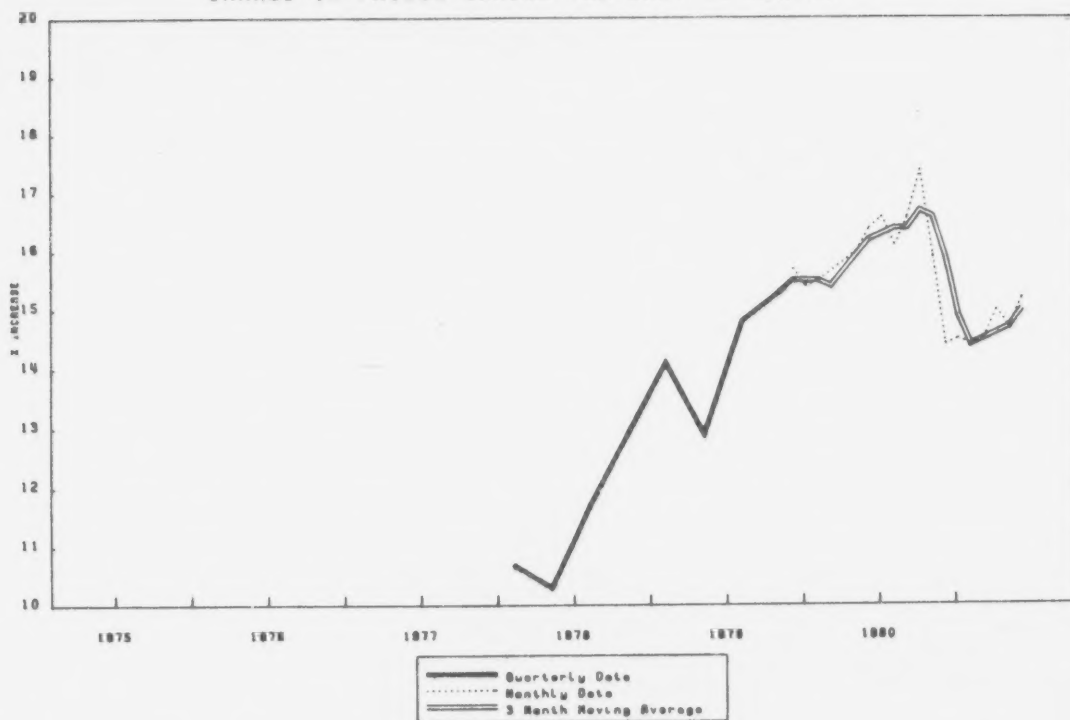


TABLE 22  
CHANGE IN PRICES DURING THE LAST 12 MONTHS

|                | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|----------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| SAME OR DOWN   | 1%           | 1%           | 3%           | 2%           | 2%           | 5%          | 6%           | 4%           | 4%           | 4%           | 2%           | 3%           | 2%           |
| GONE UP BY:    |              |              |              |              |              |             |              |              |              |              |              |              |              |
| 1-2%           | 3            | 1            | 1            | 2            | 2            | 1           | 1            | 3            | 2            | 2            | 3            | 2            | 2            |
| 3-4%           | 3            | 4            | 3            | 5            | 3            | 4           | 3            | 5            | 6            | 5            | 4            | 4            | 3            |
| 5%             | 5            | 6            | 6            | 6            | 5            | 5           | 6            | 7            | 8            | 7            | 11           | 7            | 9            |
| 6-9%           | 10           | 6            | 9            | 8            | 9            | 6           | 10           | 11           | 12           | 9            | 11           | 12           | 9            |
| 10-14%         | 33           | 32           | 28           | 25           | 24           | 27          | 25           | 22           | 20           | 24           | 23           | 27           | 26           |
| 15% or more    | 31           | 35           | 38           | 41           | 43           | 37          | 33           | 29           | 32           | 31           | 32           | 29           | 32           |
| DK how much up | 14           | 15           | 12           | 11           | 12           | 15          | 15           | 18           | 15           | 17           | 14           | 16           | 16           |
| DK,NA          | *            | *            | *            | *            | *            | *           | 1            | 1            | 1            | 1            | *            | *            | 1            |
| TOTAL          | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| MEAN INCREASE  | 16.4         | 16.6         | 16.1         | 16.6         | 17.4         | 15.9        | 14.4         | 14.5         | 14.4         | 14.5         | 15.0         | 14.7         | 15.2         |
| VARIANCE       | 188          | 176          | 149          | 167          | 179          | 175         | 140          | 168          | 160          | 151          | 169          | 161          | 158          |
| CASES          | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The questions were: "During the last 12 months, have prices of the things you buy remained unchanged, or have they gone up, or have they gone down?" and "By about what percent do you think prices have gone up, on the average, during the last 12 months?"

\* : Less than half of one percent.

CHART 23 - RECENT CHANGES  
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

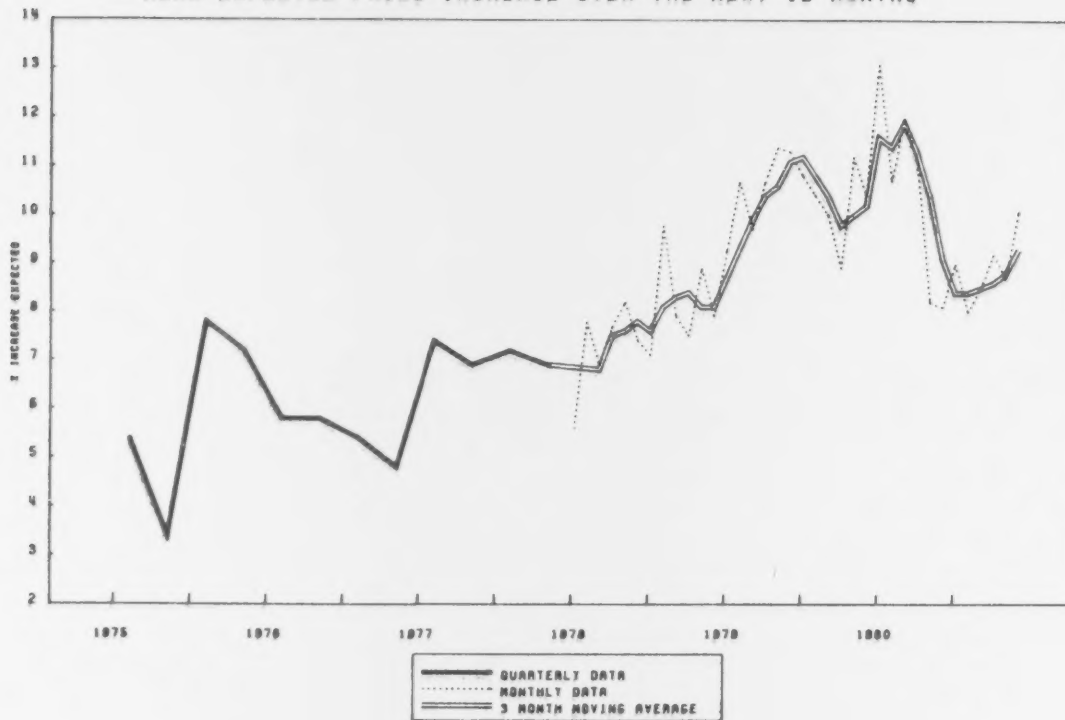


CHART 23 - HISTORICAL SERIES  
MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

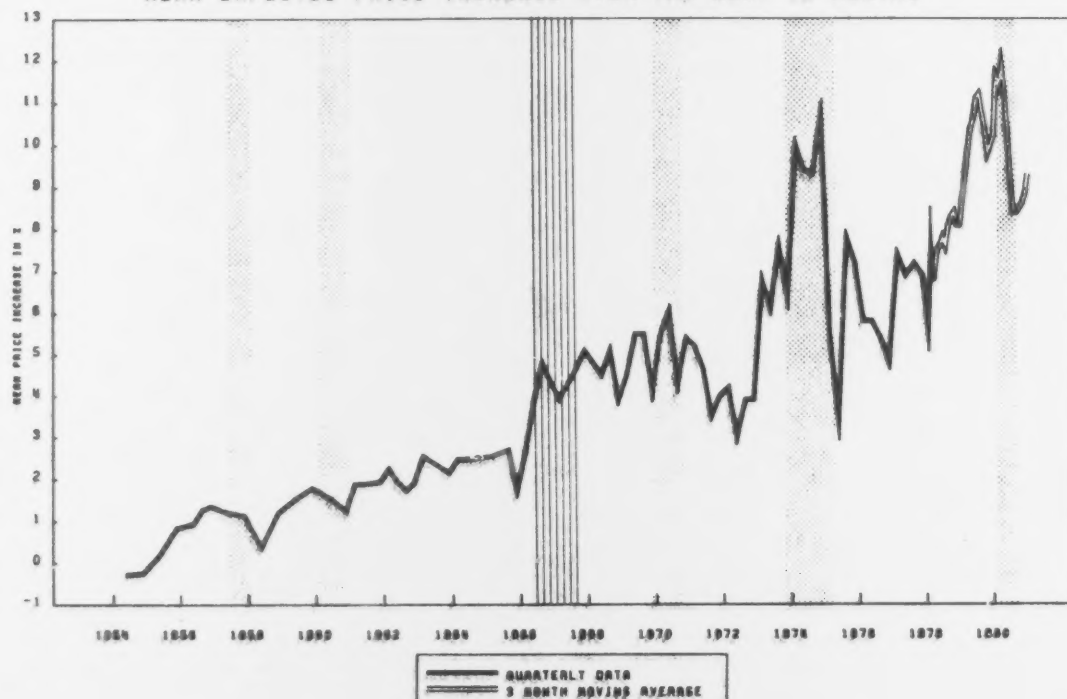


TABLE 23

## EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

|                | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|----------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| SAME OR DOWN   | 14%          | 9%           | 8%           | 13%          | 20%          | 31%         | 27%          | 22%          | 18%          | 17%          | 20%          | 25%          | 17%          |
| WILL GO UP BY: |              |              |              |              |              |             |              |              |              |              |              |              |              |
| 1-2%           | 3            | 2            | 4            | 3            | 2            | 1           | 3            | 3            | 6            | 5            | 3            | 3            | 3            |
| 3-4%           | 4            | 4            | 4            | 4            | 3            | 4           | 6            | 5            | 7            | 5            | 6            | 5            | 5            |
| 5%             | 7            | 7            | 11           | 8            | 7            | 9           | 7            | 8            | 11           | 11           | 10           | 8            | 9            |
| 6-9%           | 13           | 12           | 12           | 9            | 8            | 9           | 10           | 10           | 12           | 10           | 10           | 12           | 11           |
| 10-14%         | 28           | 28           | 31           | 26           | 24           | 17          | 20           | 21           | 24           | 23           | 24           | 20           | 25           |
| 15% or more    | 19           | 25           | 19           | 27           | 25           | 18          | 14           | 15           | 10           | 13           | 16           | 14           | 18           |
| DK how much up | 9            | 11           | 10           | 7            | 9            | 10          | 10           | 13           | 11           | 13           | 9            | 11           | 10           |
| DK,NA          | 3            | 2            | 1            | 3            | 2            | 1           | 3            | 3            | 1            | 3            | 2            | 2            | 2            |
| TOTAL          | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| MEAN INCREASE  | 10.8         | 13.1         | 10.7         | 12.0         | 11.1         | 8.2         | 8.1          | 9.0          | 8.0          | 8.5          | 9.2          | 8.7          | 10.1         |
| VARIANCE       | 103          | 139          | 84           | 122          | 125          | 92          | 89           | 95           | 71           | 68           | 100          | 102          | 107          |
| CASES          | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

CHART 24 - RECENT CHANGES  
UNEMPLOYMENT OR INFLATION MORE SERIOUS

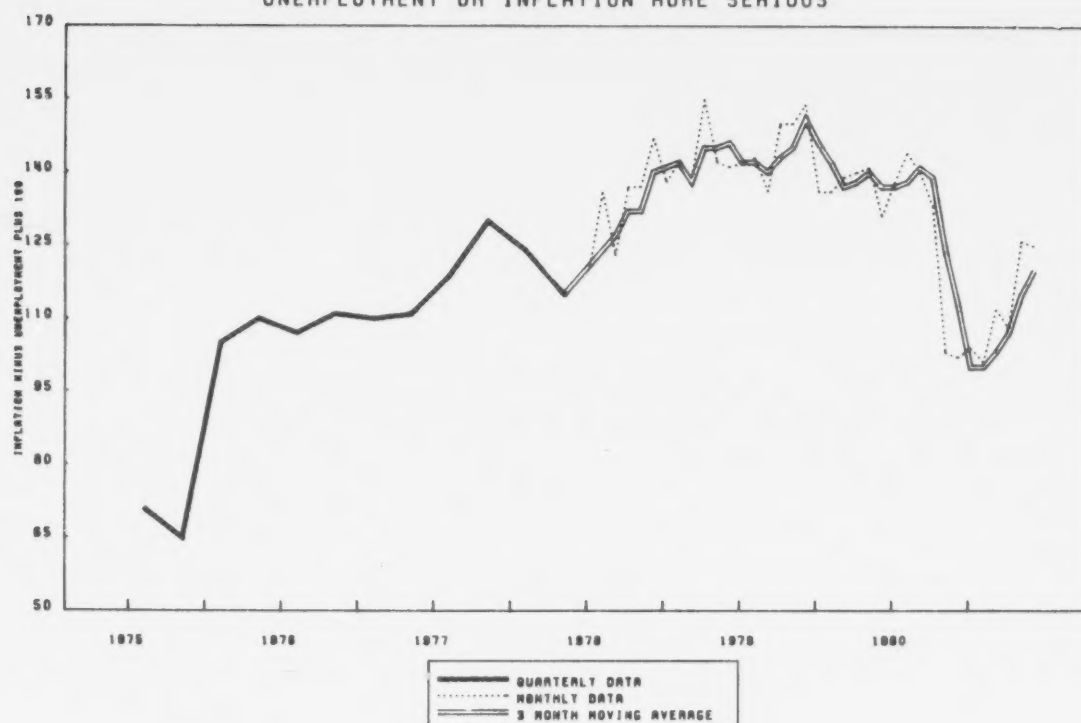


CHART 24 - HISTORICAL SERIES  
UNEMPLOYMENT OR INFLATION MORE SERIOUS

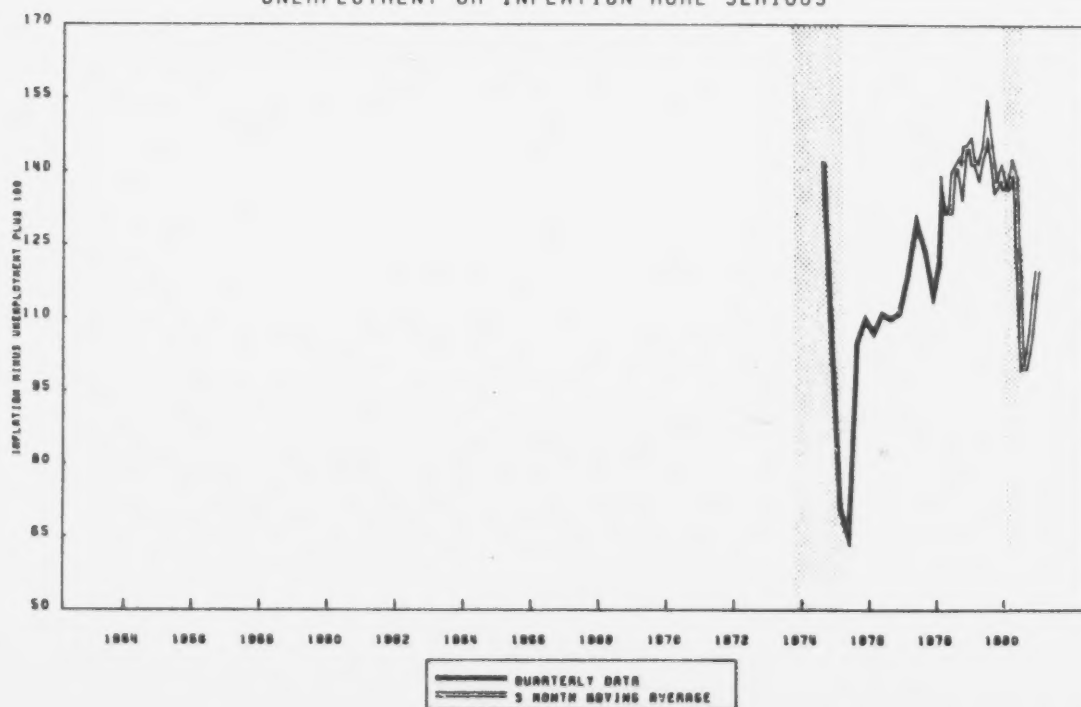


TABLE 24

## UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP

|                      | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| UNEMPLOYMENT         | 29%          | 26%          | 24%          | 25%          | 26%          | 40%         | 43%          | 45%          | 43%          | 38%          | 40%          | 31%          | 32%          |
| BOTH EQUALLY SERIOUS | 9            | 7            | 7            | 8            | 14           | 16          | 11           | 11           | 10           | 9            | 11           | 11           | 9            |
| INFLATION            | 60           | 64           | 68           | 65           | 59           | 43          | 45           | 41           | 44           | 50           | 48           | 57           | 57           |
| DK,NA                | 2            | 3            | 1            | 2            | 1            | 1           | 1            | 3            | 3            | 3            | 1            | 1            | 2            |
| TOTAL                | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES                | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "Which of the two problems--unemployment or inflation--do you think will cause the more serious economic hardship for people during the next year or so?"

CHART 25 - RECENT CHANGES  
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

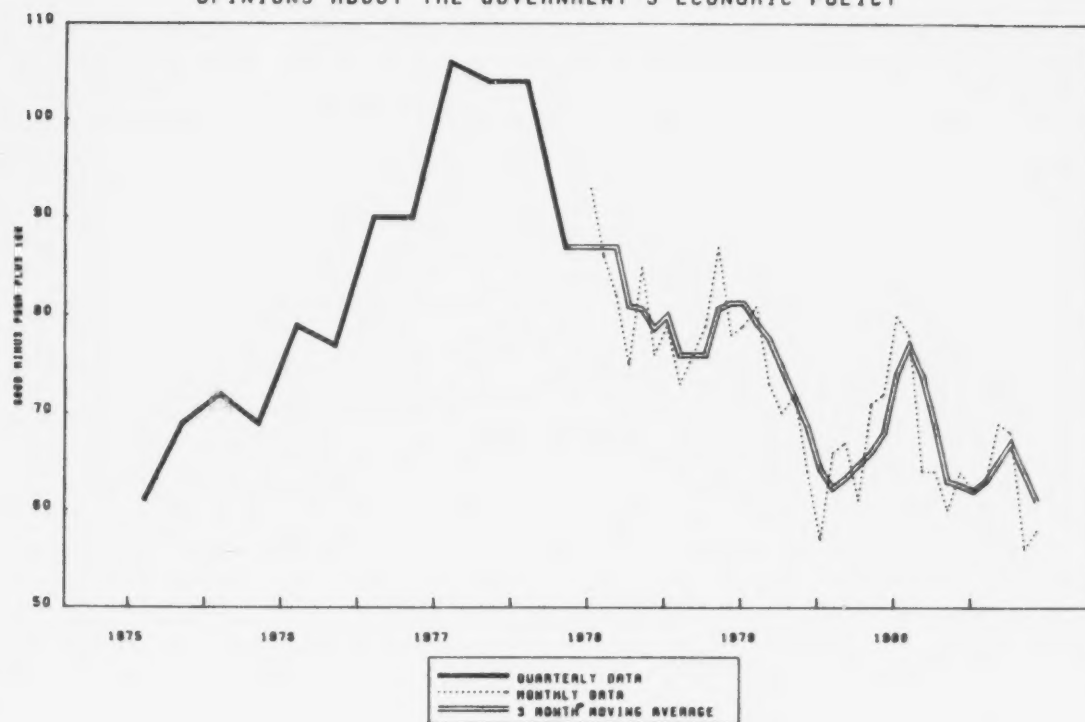


CHART 25 - HISTORICAL SERIES  
OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

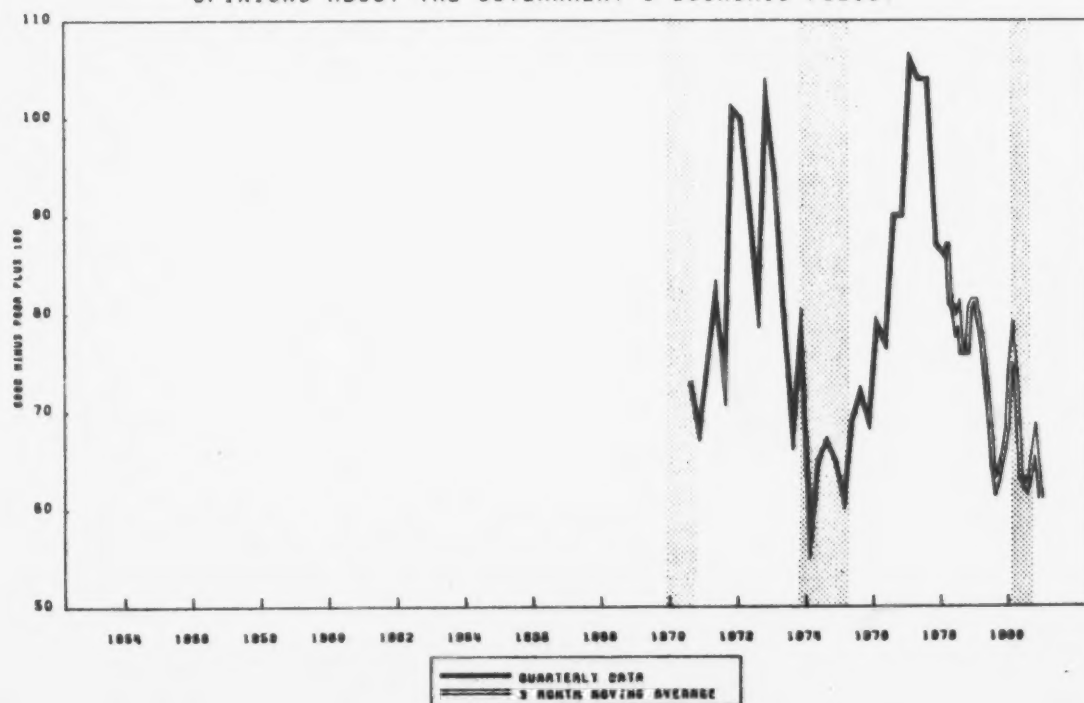


TABLE 25

## OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

|            | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| A GOOD JOB | 9%           | 11%          | 12%          | 7%           | 6%           | 5%          | 10%          | 9%           | 8%           | 10%          | 8%           | 6%           | 7%           |
| ONLY FAIR  | 49           | 54           | 51           | 46           | 48           | 48          | 40           | 41           | 45           | 46           | 50           | 41           | 42           |
| A POOR JOB | 38           | 31           | 34           | 43           | 42           | 45          | 46           | 47           | 45           | 41           | 40           | 50           | 49           |
| DK,NA      | 4            | 4            | 3            | 4            | 4            | 2           | 4            | 3            | 2            | 3            | 2            | 3            | 2            |
| TOTAL      | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES      | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 26 - RECENT CHANGES  
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

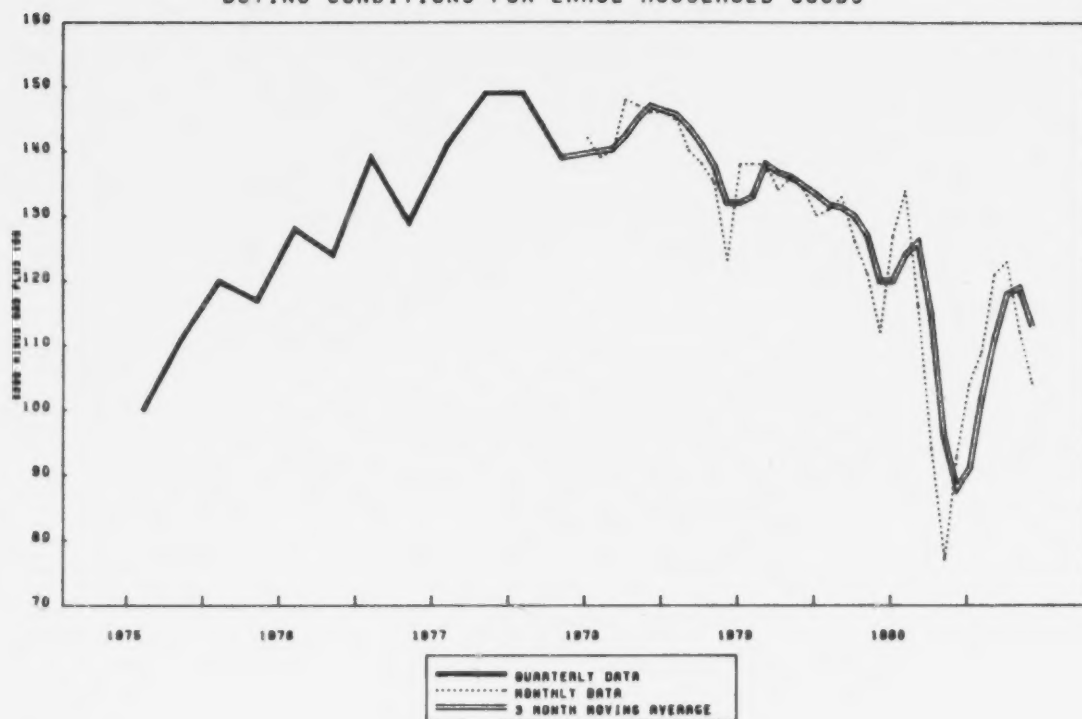


CHART 26 - HISTORICAL SERIES  
BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

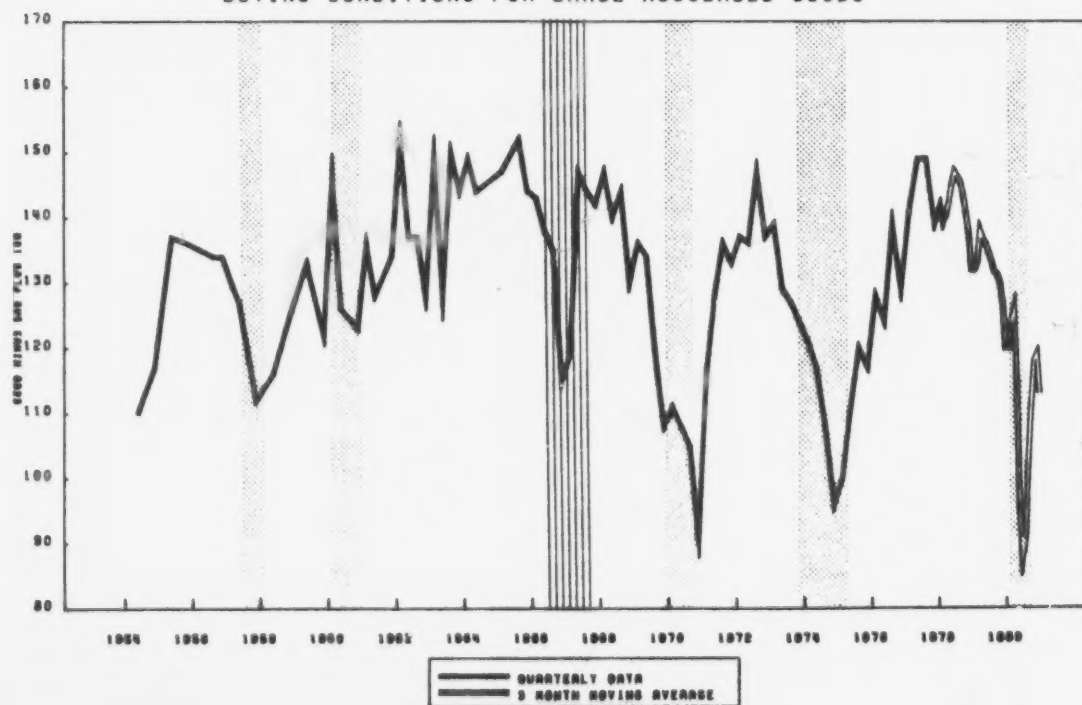


TABLE 26

## BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

|                    | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|--------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GOOD TIME TO BUY   | 52%          | 60%          | 60%          | 54%          | 41%          | 35%         | 41%          | 44%          | 47%          | 52%          | 55%          | 50%          | 45%          |
| UNCERTAIN, DEPENDS | 6            | 7            | 14           | 8            | 12           | 7           | 11           | 16           | 15           | 17           | 13           | 12           | 14           |
| BAD TIME TO BUY    | 42           | 33           | 26           | 38           | 47           | 58          | 48           | 40           | 38           | 31           | 32           | 38           | 41           |
| TOTAL              | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES              | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

TABLE 27

## SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

|                                             | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept.<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| GOOD TIME TO BUY:                           |              |              |              |              |              |             |              |              |              |               |              |              |              |
| Prices are low;<br>good buys available      | 12%          | 17%          | 23%          | 12%          | 9%           | 14%         | 16%          | 19%          | 17%          | 18%           | 20%          | 20%          | 17%          |
| Prices won't come<br>down; are going higher | 38           | 47           | 33           | 43           | 28           | 23          | 26           | 22           | 27           | 31            | 30           | 31           | 24           |
| Interest rates low;<br>credit is easy       | 3            | 3            | 3            | 5            | 3            | 2           | 3            | 5            | 5            | 3             | 4            | 2            | 3            |
| BAD TIME TO BUY:                            |              |              |              |              |              |             |              |              |              |               |              |              |              |
| Prices are high                             | 25           | 20           | 16           | 23           | 30           | 34          | 29           | 23           | 23           | 20            | 16           | 23           | 26           |
| Interest rates are<br>high; credit is tight | 17           | 12           | 11           | 19           | 28           | 31          | 24           | 19           | 16           | 13            | 17           | 17           | 22           |
| Lack of<br>purchasing power                 | 15           | 19           | 8            | 12           | 14           | 16          | 15           | 20           | 14           | 12            | 11           | 11           | 11           |

Responses to the query: "Why do you say so?" following the question on Table 26.

+ : May add to more than 100% due to multiple mentions.

CHART 28 - RECENT CHANGES  
BUYING CONDITIONS FOR HOUSES

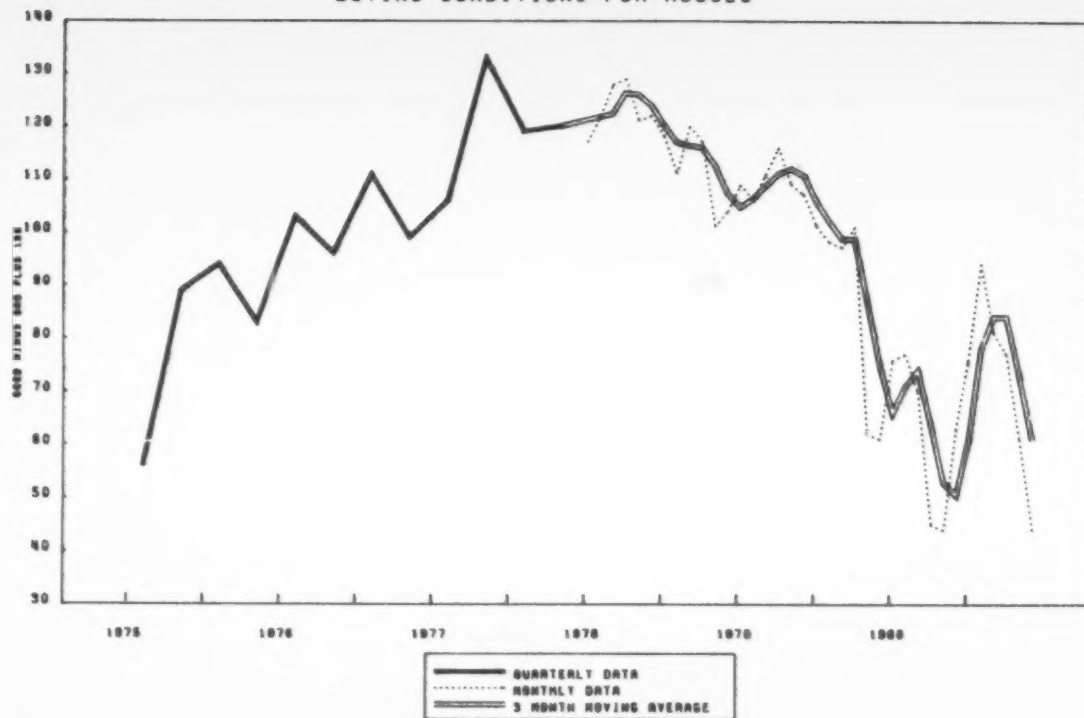


CHART 28 - HISTORICAL SERIES  
BUYING CONDITIONS FOR HOUSES

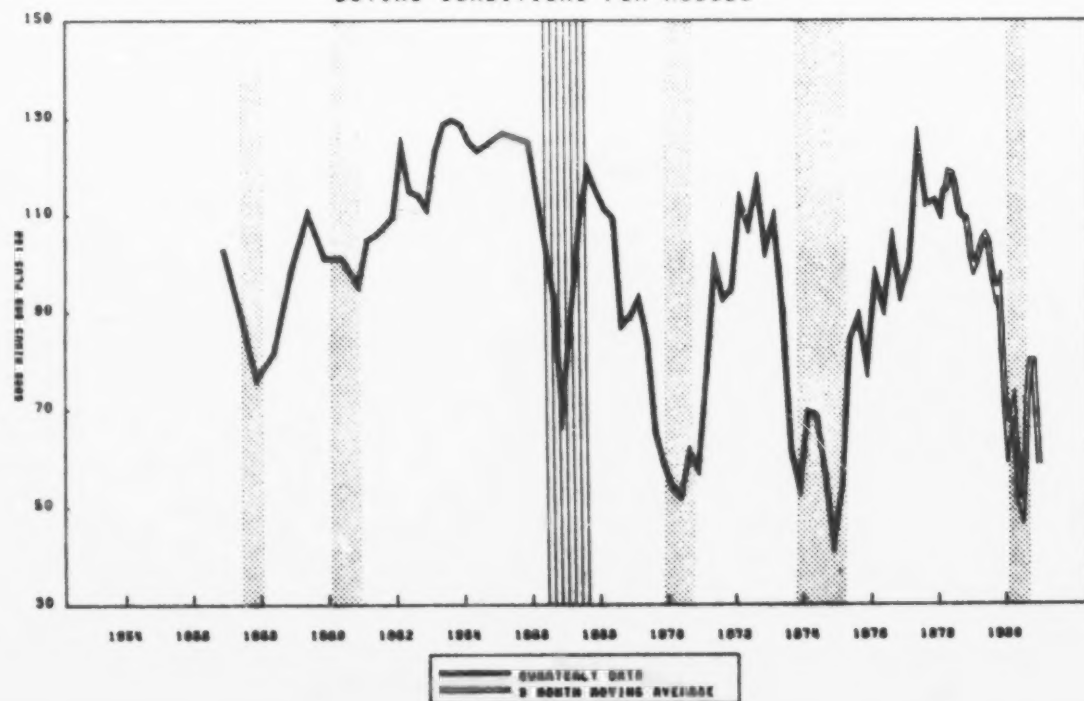


TABLE 28

## BUYING CONDITIONS FOR HOUSES

|                    | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|--------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GOOD TIME TO BUY   | 28%          | 36%          | 36%          | 32%          | 19%          | 18%         | 29%          | 34%          | 44%          | 38%          | 36%          | 28%          | 19%          |
| UNCERTAIN, DEPENDS | 6            | 4            | 5            | 6            | 7            | 8           | 5            | 8            | 6            | 5            | 5            | 5            | 6            |
| BAD TIME TO BUY    | 66           | 60           | 59           | 62           | 74           | 74          | 66           | 58           | 50           | 57           | 59           | 67           | 75           |
| TOTAL              | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES              | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

TABLE 29

## SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

|                                             | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GOOD TIME TO BUY:                           |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Prices are low;<br>good buys available      | na           | na           | 4%           | na           | 4%           | 3%          | 6%           | 9%           | 9%           | 7%           | 4%           | 4%           | 4%           |
| Prices won't come<br>down; are going higher |              |              | 20           |              | 8            | 8           | 11           | 12           | 14           | 17           | 17           | 16           | 10           |
| Interest rates low;<br>credit is easy       |              |              | 9            |              | 3            | 6           | 16           | 23           | 28           | 22           | 16           | 10           | 6            |
| Good investment                             |              |              | 12           |              | 9            | 7           | 5            | 6            | 10           | 9            | 8            | 7            | 6            |
| BAD TIME TO BUY:                            |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Prices are high                             |              |              | 30           |              | 31           | 30          | 27           | 30           | 26           | 29           | 27           | 28           | 28           |
| Interest rates are<br>high; credit is tight |              |              | 56           |              | 76           | 75          | 66           | 53           | 41           | 50           | 56           | 66           | 77           |
| Lack of<br>purchasing power                 |              |              | 8            |              | 8            | 9           | 10           | 15           | 12           | 11           | 12           | 11           | 12           |

Responses to the query: "Why do you say so?" following the question on Table 28.

+ : May add to more than 100% due to multiple mentions.

na : Not available.

CHART 30 - RECENT CHANGES  
BUYING CONDITIONS FOR CARS

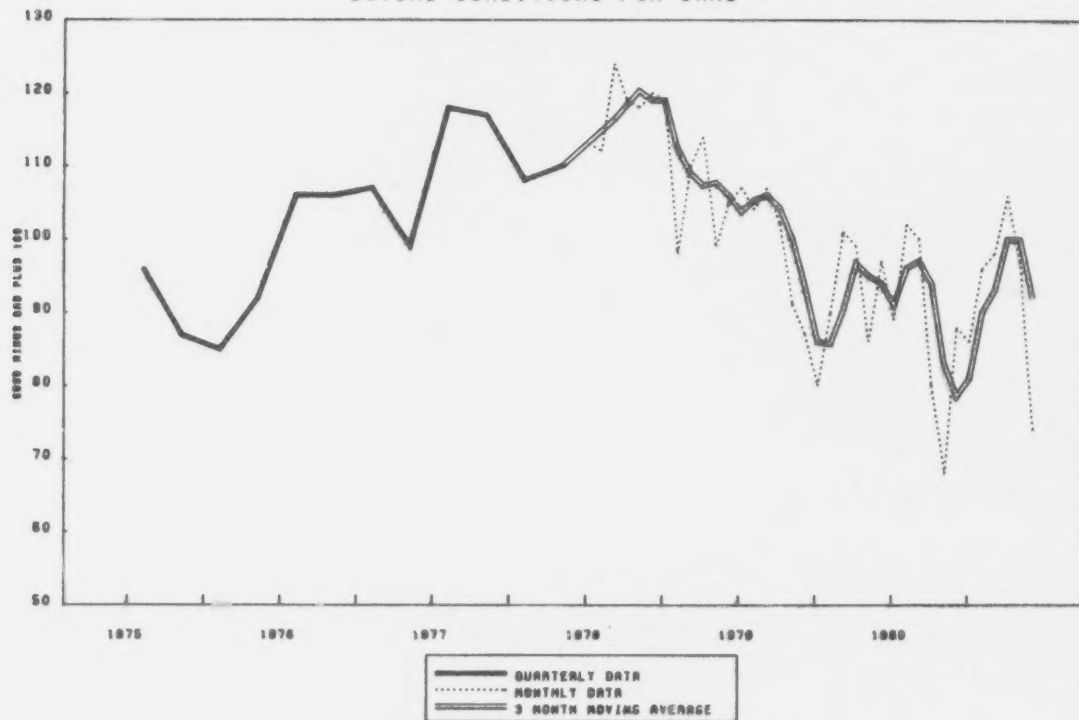


CHART 30 - HISTORICAL SERIES  
BUYING CONDITIONS FOR CARS

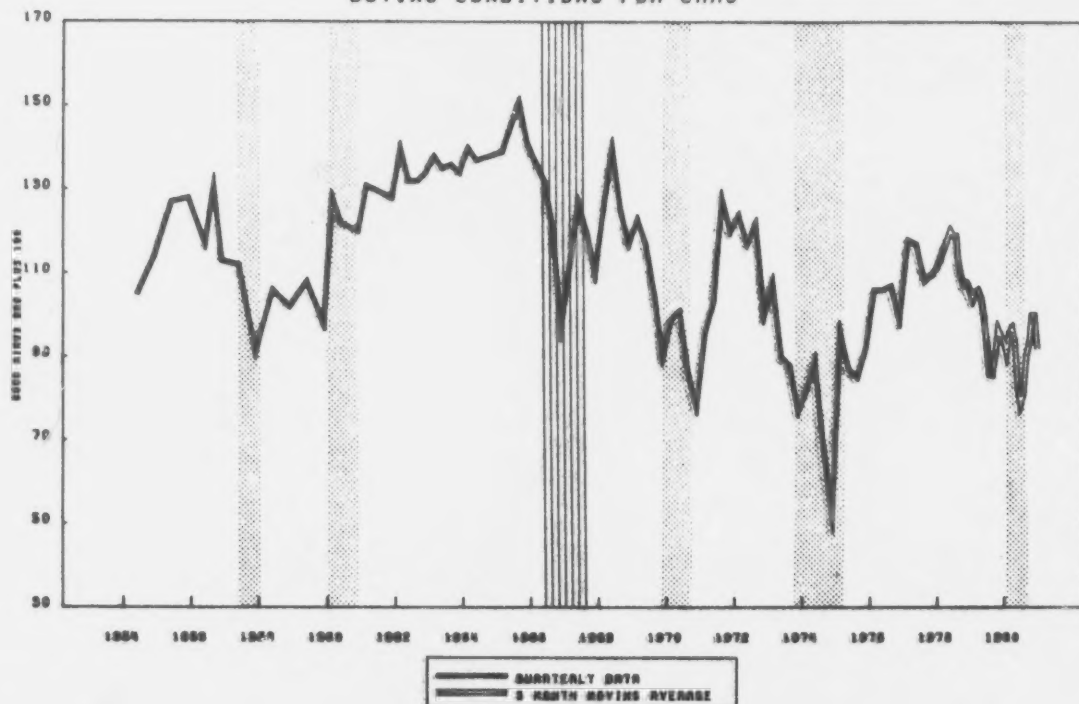


TABLE 30

## BUYING CONDITIONS FOR CARS

|                    | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|--------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GOOD TIME TO BUY   | 44%          | 40%          | 47%          | 45%          | 35%          | 29%         | 37%          | 36%          | 42%          | 42%          | 45%          | 41%          | 33%          |
| UNCERTAIN; DEPENDS | 9            | 10           | 8            | 10           | 10           | 10          | 14           | 14           | 12           | 14           | 16           | 15           | 8            |
| BAD TIME TO BUY    | 47           | 50           | 45           | 45           | 55           | 61          | 49           | 50           | 46           | 44           | 39           | 44           | 59           |
| TOTAL              | 100%         | 100%         | 100%         | 100%         | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES              | 850          | 769          | 1019         | 707          | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

TABLE 31

## SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

|                                             | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|---------------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| GOOD TIME TO BUY:                           |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Prices are low;<br>good buys available      | 20%          | 13%          | 21%          | 19%          | 15%          | 25%         | 27%          | 25%          | 24%          | 20%          | 17%          | 17%          | 13%          |
| Prices won't come<br>down; are going higher | 20           | 22           | 19           | 22           | 10           | 8           | 9            | 13           | 12           | 19           | 17           | 16           | 12           |
| Interest rates low;<br>credit is easy       | 1            | 2            | 3            | 3            | 4            | 1           | 3            | 4            | 4            | 4            | 3            | 3            | 4            |
| New fuel efficient<br>models                | 10           | 8            | 14           | 13           | 12           | 6           | 5            | 3            | 7            | 9            | 12           | 7            | 5            |
| BAD TIME TO BUY:                            |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Prices are high                             | 27           | 31           | 22           | 25           | 32           | 30          | 24           | 27           | 27           | 31           | 23           | 28           | 31           |
| Interest rates are<br>high; credit is tight | 18           | 13           | 14           | 17           | 24           | 29          | 22           | 11           | 11           | 10           | 14           | 17           | 29           |
| Lack of<br>purchasing power                 | 7            | 9            | 4            | 6            | 6            | 7           | 6            | 9            | 9            | 6            | 8            | 7            | 9            |
| Price of gas;<br>shortages                  | 13           | 19           | 13           | 16           | 16           | 15          | 9            | 6            | 5            | 5            | 4            | 4            | 5            |
| Poor selection;<br>quality                  | 8            | 10           | 10           | 9            | 8            | 7           | 10           | 13           | 13           | 11           | 13           | 10           | 12           |

Responses to the query: "Why do you say so?" following the question on Table 30.

+ : May add to more than 100% due to multiple mentions.

TABLE 32

## PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

|                       | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PROBABLY WILL BUY     | na           | na           | 20%          | na           | 16%          | 13%         | 12%          | 17%          | 16%          | 16%          | 15%          | 17%          | 14%          |
| CHANCES ARE EVEN      |              |              | 8            |              | 7            | 7           | 8            | 5            | 7            | 6            | 7            | 6            | 6            |
| PROBABLY WILL NOT BUY |              |              | 62           |              | 69           | 67          | 68           | 67           | 61           | 70           | 67           | 66           | 67           |
| DK,NA                 |              |              | 10           |              | 8            | 13          | 12           | 11           | 16           | 8            | 11           | 11           | 13           |
| TOTAL                 |              |              | 100%         |              | 100%         | 100%        | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| CASES                 |              |              | 1019         |              | 719          | 703         | 688          | 668          | 658          | 682          | 685          | 694          | 684          |

The question was: "What do you think are the chances that you (or anyone else in your family living there) will buy or lease a car during the next 12 months--would you say you probably will, probably will not, or are the chances about even, or what?"

na : Not available.

TABLE 33

## CURRENT VEHICLE PURCHASE INTENTIONS

|                                                 | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|-------------------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PROPORTION WITH CURRENT<br>PURCHASE INTENTIONS: | na           | na           | 28%          | na           | 23%          | 20%         | 20%          | 22%          | 23%          | 22%          | 22%          | 23%          | 20%          |
| PURCHASE TYPE:                                  |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Buy new                                         |              |              | 14           |              | 11           | 7           | 9            | 10           | 8            | 11           | 12           | 11           | 8            |
| Buy used                                        |              |              | 12           |              | 9            | 9           | 7            | 11           | 12           | 9            | 7            | 9            | 9            |
| Lease                                           |              |              | 1            |              | 2            | 1           | 1            | 1            | 1            | 1            | 2            | *            | 1            |
| DK,NA                                           |              |              | 1            |              | 1            | 3           | 3            | *            | 2            | 1            | 1            | 3            | 2            |
| PURCHASE TIMING:                                |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Next 3 months                                   |              |              | 2            |              | 4            | 2           | 1            | 5            | 3            | 1            | 3            | 4            | 2            |
| Next 4-6 months                                 |              |              | 7            |              | 6            | 6           | 6            | 5            | 5            | 6            | 4            | 3            | 3            |
| Next 7-9 months                                 |              |              | 7            |              | 6            | 5           | 5            | 3            | 4            | 2            | 7            | 6            | 5            |
| 10 months or more                               |              |              | 6            |              | 2            | 3           | 5            | 4            | 4            | 4            | 4            | 4            | 5            |
| DK,NA                                           |              |              | 6            |              | 5            | 4           | 3            | 5            | 7            | 9            | 4            | 6            | 5            |

If response was "PROBABLY WILL BUY" or "CHANCES ARE EVEN" in Table 32, then the questions were: "If you do buy or lease a car, would it be a new car, or a used car?", "Would you buy or lease?" and "When do you think you might buy or lease a car?"

na : Not available.

\* : Less than half of one percent.

TABLE 34

## FUTURE VEHICLE PURCHASE INTENTIONS

|                                                | Dec.<br>1979 | Jan.<br>1980 | Feb.<br>1980 | Mar.<br>1980 | Apr.<br>1980 | May<br>1980 | June<br>1980 | July<br>1980 | Aug.<br>1980 | Sept<br>1980 | Oct.<br>1980 | Nov.<br>1980 | Dec.<br>1980 |
|------------------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PROPORTION WITH FUTURE<br>PURCHASE INTENTIONS: | na           | na           | 62%          | na           | 69%          | 67%         | 68%          | 67%          | 61%          | 70%          | 67%          | 66%          | 67%          |
| PURCHASE TYPE:                                 |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Would buy new                                  |              |              | 36           |              | 40           | 39          | 38           | 40           | 35           | 38           | 44           | 38           | 37           |
| Would buy used                                 |              |              | 24           |              | 26           | 25          | 27           | 24           | 24           | 30           | 20           | 26           | 27           |
| DK,NA                                          |              |              | 2            |              | 3            | 3           | 3            | 3            | 2            | 2            | 3            | 2            | 3            |
| PURCHASE TIMING:                               |              |              |              |              |              |             |              |              |              |              |              |              |              |
| Less than 2 years                              |              |              | 7            |              | 8            | 7           | 6            | 4            | 6            | 5            | 5            | 6            | 7            |
| 2 years                                        |              |              | 21           |              | 14           | 17          | 21           | 20           | 18           | 23           | 20           | 23           | 20           |
| 3 years                                        |              |              | 7            |              | 12           | 10          | 11           | 10           | 8            | 12           | 15           | 11           | 12           |
| 4 years or more                                |              |              | 17           |              | 20           | 19          | 20           | 21           | 21           | 18           | 15           | 15           | 18           |
| Indefinite                                     |              |              | 3            |              | 6            | 4           | 3            | 4            | 4            | 4            | 3            | 5            | 3            |
| DK,NA                                          |              |              | 7            |              | 9            | 10          | 7            | 8            | 4            | 8            | 9            | 6            | 7            |

If response was "PROBABLY WILL NOT BUY" in Table 32, then the questions were: "If you were to buy a car, would it be a new car or a used car? and "How long do you think it may be before will buy or lease a car?"

na : Not available.



## Surveys of Consumer Attitudes

Richard T. Curtin, *Director*  
January 9, 1981

### SHARP DECLINE IN CONSUMER SENTIMENT

- \*\*In the December 1980 Survey of Consumer Attitudes, the Index of Consumer Sentiment was 64.5, a decline of 12.2 Index-points from the 76.7 recorded in November 1980, and 9.2 Index-points below the three-month earlier reading of 73.7 in September 1980. This decline reverses nearly half of the rapid 25 point improvement recorded during the past half year. The sharpest declines were recorded in short term business expectations and buying attitudes, due to heightened concern with interest rates.
- \*\*Among families with incomes of \$20,000 or more, the Index was 66.9 in the December 1980 survey, a decline of 15.8 Index-points from the November 1980 reading of 82.7. The December decline was widespread among residents of all major geographic regions and age subgroups.
- \*\*Good times financially during the next year in the economy as a whole were expected by 26 percent of all families in December 1980, down from 39 percent in November. Long term business expectations also became more pessimistic, with 25 percent of all families expecting good times in December 1980, down from 36 percent in November. Despite these recent declines, business expectations were more favorable in December 1980 than one year earlier.
- \*\*Respondents in the December 1980 survey more frequently expected increases in unemployment (39 percent, up from 24 percent in November 1980), expected a higher rate of inflation (10.1% in December, up from 8.7% in November 1980), and the majority continued to expect increases in interest rates (53 percent in December, up from 51 percent in November 1980).
- \*\*Attitudes toward buying conditions for houses and cars declined significantly in the December survey, due to greatly heightened concern with interest rates. Among all families, fully three-in-four rated buying conditions for houses as unfavorable in December 1980, a new all-time record level. The majority of households (59 percent) rated buying conditions for cars as unfavorable in the December survey, up from 44 percent in November 1980.

\* \* \*

There are several reasons to partially discount the steep December decline. Following the most rapid pace of improvement ever recorded from a cyclical trough, it should be no surprise that this pace was too rapid to sustain for long. In addition, past December surveys indicated a seasonal tendency toward greater pessimism. Finally, the volatility of trends in consumer attitudes and expectations continues to exaggerate month-to-month variations. On balance, there is at the present time more reason to expect that this reversal in trend will be temporary, rather than signal a renewed downturn. Overall, these data suggest that the recovery in consumer sales will continue to be cautious and responsive to changes in credit conditions.

Monitoring Economic Change Program

Institute for Social Research • P.O. Box 1248 • Ann Arbor, Michigan 48106 • (313) 763-5224

### Seasonal Variation

The quarterly series of the Index of Consumer Sentiment covering the last 20 years has shown no systematic evidence of seasonal variation when tested using the Census X-11 procedure. The monthly series, started in 1978, is of insufficient length for rigorous testing, and is currently published without seasonal adjustment. There is, however, weak evidence that the month of December is associated with lower levels of optimism that would otherwise be expected, and the month of January with somewhat higher levels. Since the seasonal factors shift from negative to positive at the turn of the year, the depressed December reading may be followed by a "seasonal" improvement in January.

### Personal Finances Strained

Following modest improvements during mid-1980, consumer evaluations of their personal financial situation slid back to near record low levels. Almost half of all families in the December survey (48 percent) reported they were worse off financially than a year earlier, nearly equal to the all-time record level of 51 percent recorded in April 1980. When explaining changes in their financial situation, families less frequently mentioned that their incomes had increased during the past year (25 percent in December, down from 31 percent in November 1980), and more frequently singled out inflation for making their families worse off financially (48 percent in December, up from 39 percent in November 1980).

On balance, personal financial expectations have traced a volatile but horizontal path during the past year. In both the December 1980 and December 1979 surveys nearly identical results emerge: one-in-four families expected to be better off financially, one-in-four expected to be worse off, and the remaining half expected their financial situation to remain unchanged during the year ahead. The proportion of families who expected their financial situation to improve fell to 25 percent in December from 35 percent in November 1980. This marks the second sharp reversal in the upward trend since the trough level in personal financial expectations was recorded in mid-1979. Repeated short reversals in trend have characterized the decline and recovery paths in personal financial expectations during the past decade.

Increases expected in nominal family income were somewhat less favorable in the December survey than one month earlier, but nonetheless remained at

relatively high levels. The proportion of families who expected family income increases of 10% or more was 29 percent in December, down from 33 percent in November 1980, while the proportion who expected declines in their family income increased to 11 percent in December from 7 percent in November 1980.

#### Rising Interest Rates Diminish Business Outlook

News items heard and recalled of recent changes in business conditions were more frequently negative in the December 1980 survey (four-to-one margin) than in November 1980 (two-to-one margin). The increase in reports of unfavorable changes were dominated by references to high and increasing interest rates. Fully 72 percent of all families, in December 1980, thought business conditions had worsened during the past year, up from 67 percent in November. Although the majority thus continue to view the economy as in the midst of a recession, the proportion nonetheless remains lower than the near consensus level of 90 percent recorded in mid-1980.

Business conditions were less frequently expected to improve during the year ahead in December (29 percent) than November 1980 (40 percent). As with other expectational measures, this marks the second reversal in the upward trend since its mid-1979 low was recorded. Despite the recent drop, expected changes in business conditions were still more favorable in December 1980 than a year earlier. At year-end 1979, twice as many families expected business conditions to worsen rather than to improve during the year ahead (36 versus 17 percent), whereas by December 1980, business conditions were more frequently expected to improve rather than to worsen (29 versus 20 percent). When asked why they expected business conditions to change, a sizeable proportion in both the November and December 1980 surveys expected improvement because of anticipated changes in government economic policies by the incoming Reagan administration (27 percent in December, down from 34 percent in November 1980).

The decline in the general outlook for business conditions stemmed from expected increases in interest rates, unemployment, and inflation. In the December 1980 survey, half of all families (53 percent) expected interest rates to increase during the year ahead. The proportion of families expecting interest rate increases, after falling to a low of 21 percent in mid-1980 following the March peak, rose to approximately 50 percent and has remained at that level since the September 1980 survey. Unemployment was more frequently expected to increase in December 1980 (39 percent) than in November 1980 (24 percent), although the expectation of spreading unemployment remained much less frequent than

in December 1979 (61 percent). Consumers expected prices to increase during the next 12 months by an average of 10.1%, up from 8.7% in November, and comparable to the 10.8% recorded in December 1979. The December 1980 survey was the first in eight months to record double-digit inflation expectations -- from May to November 1980, price expectations hovered in the narrow range of 8-9%.

#### Credit Conditions Restrain Consumer Buying

Unfavorable attitudes toward buying conditions grew substantially at year-end 1980 due to tight credit conditions. High interest rates continue to have the greatest impact on attitudes toward buying conditions for houses and cars. In the December 1980 survey, fully three-in-four families, a new record level, felt that buying conditions for houses were unfavorable. Attitudes toward the housing market have varied considerably during the past six months, in close correspondence to changes in perceived credit conditions. The proportion of families who felt buying conditions for houses were unfavorable due to high interest rates and tight credit conditions fell from 75 percent in May 1980 to 41 percent in August 1980, and then rose again to 77 percent in December 1980.

Consumer evaluations of market conditions for automobiles recorded in the December 1980 survey nearly reversed the entire improvement recorded since the May 1980 low. Among all families, 59 percent rated buying conditions for automobiles unfavorably in December, up from 44 percent in November 1980. When explaining their views on market conditions for automobiles, 29 percent made references to unfavorable credit conditions in December, up from 17 percent in November 1980. Car buying attitudes in December 1980 were less favorable than a year earlier, when nearly equal proportions rated buying conditions favorable as unfavorable (44 versus 47 percent). By December 1980, unfavorable rather than favorable attitudes clearly dominated by a margin of 59 to 33 percent. In comparison with a year earlier, fewer respondents mentioned price incentives (including buy-in-advance price rationales) when evaluating car buying conditions, and more frequently mentioned tight credit restraints.

In contrast to 1978 and 1979 when buy-in-advance price rationales dominated trends in buying attitudes, credit conditions played the dominant role in shaping buying attitudes during 1980. The dramatic announcement of the credit restraint program greatly heightened its impact on consumer attitudes in early 1980, and the widely publicized movements in prime rates continue to accentuate shifts in

consumer attitudes. During 1981, changes in credit conditions are likely to continue to dominate the pace of recovery. Although consumers can and have adapted to higher levels of interest rates, sharp changes in interest rates will continue to accentuate swings in consumer sales.

\* \* \*

The December 1980 survey included 684 interviews conducted between December 1 and December 30, 1980.